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FBIS-EAS-92-214 CONTENTS *4 November 1992*

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NORTHEAST ASIA

Japan

Reactions to U.S. Election Outcome Reported 1
    Miyazawa Congratulates Clinton *[KYODO]* 1
    Miyazawa Hopes for Early Summit *[KYODO]* 1
    Kato, Watanabe Congratulate Clinton *[KYODO]* 1
    Tokyo 'at a Loss' on Forging Ties *[Tokyo TV]* 1
    Keidanren Head Comments on Change *[Tokyo TV]* 2
    'Elements of Uncertainty' Noted *[KYODO]* 2
    Dollar Shows Favorable Reaction *[KYODO]* 3
    Spirit of Free World Trade Urged *[KYODO]* 4
    Business Leaders Fear Protectionism *[KYODO]* 4
    No 'Change' in Construction Talks *[KYODO]* 4
    'Harder Line' Feared in Trade *[KYODO]* 5
    Victory Seen Delaying GATT Talks *[KYODO]* 5
    Hatakeyama 'Hopeful' on GATT *[KYODO]* 6
Future Development of Uruguay Round 'Uncertain' *[KYODO]* 6
Kato: U.S.-EC Talks 'Should Not' Block GATT *[KYODO]* 7
Chief Japanese Negotiator on Talks With DPRK *[KYODO]* 7
Vice Minister on Aid to Former Soviet States *[KYODO]* 7
Hata Considering Forming 'Political Movement' *[KYODO]* 8
Miyazawa Takes 'Evasive' Stand on Sagawa Scandal *[KYODO]* 8
    Fails To Express 'Strong Resolve' *[KYODO]* 9
Poll Shows 24 Percent Approval Rate for Miyazawa *[KYODO]* 10

North Korea

Daily Responds to Charges of Terrorist Plans *[Pyongyang Radio]* 10
Liaison Head Cancels N-S Military Hotline Talks *[Pyongyang Radio]* 11
U.S.-South Exercise Called 'Criminal Plan' *[Pyongyang Radio]* 11
Yi Sam-no Departs for Japan Normalization Talks *[KCNA]* 12
Commentary Condemns South-Japanese Military Ties *[Pyongyang Radio]* 12
Cambodia's Sihanouk Continues Visit Activities 13
    Kim Il-song Confers Award *[KCNA]* 13
    Kim Il-song Awards Madame Sihanouk *[KCNA]* 14
    Kim Il-song Hosts Banquet *[KCNA]* 14
    Kim Il-song's Banquet Speech *[Pyongyang Radio]* 14
    Sihanouk's Banquet Speech *[KCNA]* 15
Choe Kwang, Military Delegation Visit Syria *[Pyongyang Radio]* 16
Reunification Group Condemns South Security Body *[Pyongyang Radio]* 16

South Korea

Reactions to Clinton Victory in U.S. Election 17
    No Tae-u Sends Messages to Clinton, Bush *[YONHAP]* 17
    Foreign Ministry Welcomes Clinton Victory *[YONHAP]* 18
    Foreign Ministry Sees No Policy Changes *[YONHAP]* 18
    Trade Ministry Fears Negative Changes *[YONHAP]* 18
    Government Readying for New Administration *[YONHAP]* 19
    Government, Parties Study Impact *[YONHAP]* 20

  Parties Welcome Clinton Victory *[YONHAP]* ... 21
  Kim Yong-sam Congratulates Clinton *[YONHAP]* ... 21
  Kim Tae-chung Congratulates Clinton *[YONHAP]* ... 21
  Envoy to U.S. Predicts No Change in Ties *[YONHAP]* ... 21
  YONHAP Analyzes Possible Changes ... 22
  No 'Drastic' Changes Foreseen *[YONHAP]* ... 23
U.S. Begins Semiconductor Dumping Probe *[YONHAP]* ... 24
* NAFTA Seen as 'New Shock' to World Economy *[SINDONG-A Oct]* ... 24
Daewoo Ends 7-Year Joint Venture With GM *[THE KOREA TIMES 1 Nov]* ... 28
Second Round of Aviation Talks With PRC Set *[THE KOREA HERALD 4 Nov]* ... 29
Seoul, China Agree on Construction Sector Accord *[THE KOREA HERALD 1 Nov]* ... 29
North Called 'Unreasonable' for Cancelling Talks *[YONHAP]* ... 30
Prime Minister on Elections, N-S Relations *[KYONGHYANG SINMUN 2 Nov]* ... 30
New Political Party To Nominate Yi Chong-chan *[YONHAP]* ... 31

SOUTHEAST ASIA

Burma

Army Captures Karen Camp Near Thai Border *[Bangkok THE SUNDAY POST 1 Nov]* ... 33
Rebels Claim SLORC Dictates Choice of Delegates *[Radio DVOB]* ... 33
  Expose More Atrocities in Kachin State *[Radio DVOB]* ... 33
Karen Leader Explains Former Official's Case *[Rangoon Radio]* ... 34
Myo Nyunt Warns Merchants on Raising Rice Prices *[Rangoon Radio]* ... 35

Brunei, Malaysia & Singapore

Malaysia

Prime Minister Comments on Clinton's Victory *[Kuala Lumpur Radio]* ... 35
  Kuala Lumpur Welcomes Victory *[AFP]* ... 36
ASEAN Warned Against Western Pressure by ILO *[BERNAMA]* ... 36
Meeting With India Agrees To Expand Cooperation *[BERNAMA]* ... 37
  Delhi Radio Reports Meeting ... 37

Singapore

Goh Hopes Clinton Takes 'Deep' Interest in Asia *[Singapore Radio]* ... 37
Lee Hsien Loong Visits Japan, Urges Investment *[THE STRAITS TIMES 4 Nov]* ... 37
Egyptian Trade Group Wants More Bilateral Trade *[THE STRAITS TIMES 3 Nov]* ... 38

Cambodia

Hun Sen Gives BBC Interview on Peace Process *[Phnom Penh Radio]* ... 38
UN Spokesman Blames Khmer Rouge for Massacre *[VNA]* ... 41
'Petition' on Conditions for Holding Elections *[Radio VGNUFC]* ... 41
Indonesia, France Preparing Election Proposal *[Bangkok THE NATION 4 Nov]* ... 42
Termination of Phase Two of Cease-Fire Urged *[Phnom Penh Radio]* ... 42
UN's Akashi Urges Restraint in 'Uneasy Peace' *[KYODO]* ... 43
Diplomatic Corps Congratulates Sihanouk 31 Oct *[Phnom Penh Radio]* ... 43

Laos

Preparations for Elections in Provinces Outlined ... 44
  Vientiane, Khammouane Report *[Vientiane Radio]* ... 44
  Savannakhet Province Reports *[Vientiane Radio]* ... 44
  Sayaboury Province Reports *[Vientiane Radio]* ... 44
Party, Foreign Ministry Group Leaves for SRV *[Vientiane Radio]* ... 44

Philippines

Ramos Comments on Clinton Victory, U.S. Ties *[Manila Radio]* 45
  Senators, Communist Leader React *[Quezon City Radio]* 46
Paper: U.S. Elections Have Little Impact *[MANILA STANDARD 4 Nov]* 46
Official Concerned Over Arms from Afghanistan *[Quezon City TV]* 47
  Paper Reports Arms Shipment *[PHILIPPINE DAILY INQUIRER 4 Nov]* 47
Ramos Rejects NDF Demand for Belligerent Status *[PHILIPPINE DAILY INQUIRER 3 Nov]* 47
Former MNLF Official: 'Give Peace a Chance' *[MANILA BULLETIN 3 Nov]* 48
Military Seizes 'Huge' NPA Ammunition Cache *[MANILA STANDARD 3 Nov]* 48
Report Shows Soldiers Outnumber Rebels 16 to 1 *[PHILIPPINE DAILY INQUIRER 3 Nov]* 49
Peace Initiative Gets Mixed Reactions from Left *[BUSINESS WORLD 3 Nov]* 49
Communist Rebels Reported To Step Up Attacks *[Quezon City TV]* 50
NUC Asks CPP To Reveal Prisoners' Location *[MALAYA 4 Nov]* 50
Budget Deficit Increases to P5.682 Billion *[THE MANILA CHRONICLE 3 Nov]* 50

Thailand

Reaction to Clinton Victory in U.S. Election 51
  Chuan, Prasong See 'Little Impact' *[Bangkok TV]* 51
  Prasong Congratulates Clinton *[Bangkok VOFA]* 51
  Deputy Premier Views Impact on Trade *[Radio VOFA]* 52
  Clinton Effect on Asia Viewed *[THE NATION 4 Nov]* 52
EC, U.S. Urged To Intervene To Rescue GATT *[BANGKOK POST 4 Nov]* 53
Cabinet Approves Bill on Riot Handling 3 Nov *[Bangkok TV]* 54
$40 Billion Export Target for 1993 *[BANGKOK POST 4 Nov]* 54
Military Banned From Burmese Border Trade *[THE NATION 4 Nov]* 54
Chawalit Backs Chuan on Local Elections *[THE NATION 4 Nov]* 55

Vietnam

Hanoi Comments on Clinton Win, U.S. Embargo *[Hanoi Radio]* 56
Leaders Attend Opening of Buddhist Congress *[VNA]* 56
  Do Muoi Sends Message *[VNA]* 57
Eight Nationals Reported Kidnapped in Cambodia *[VNA]* 57

AUSTRALASIA

Australia

Prime Minister Views Clinton Win, Trade Talks *[Melbourne International]* 58

New Zealand

PM, Fiji Leaders React to U.S. Election *[Wellington International]* 58

Japan

Reactions to U.S. Election Outcome Reported

Miyazawa Congratulates Clinton

OW0411060292 Tokyo KYODO in English 0552 GMT 4 Nov 92

[Text] Tokyo, Nov. 4 KYODO—Prime Minister Kiichi Miyazawa Wednesday congratulated U.S. President-Elect Bill Clinton on his victory, and said he expects the U.S. to maintain strong world leadership.

"I hope the U.S. will play a leadership role as the the world faces turbulent developments," Miyazawa told a session of parliament in response to an opposition question.

Miyazawa said that Japan-U.S. relations will remain the cornerstone of Japanese diplomacy.

"We want to continue our cooperation in exercising our shared international responsibilities," he said.

The premier also paid respects to outgoing President George Bush for his international leadership and said he would continue to work with the Republican administration during its remaining months in office.

Asked by another opposition questioner whether he expected Clinton to introduce protectionist trade policies, Miyazawa replied that he welcomed the Arkansas governor's plans for boosting industrial competitiveness, reducing the federal deficit, and promoting employment programs.

Noting that Japan's trade surplus with the U.S. is likely to expand this year, he said Japan would continue promoting policies aimed at expanding domestic demand.

Miyazawa said that he hoped the U.S. Administration and Congress would pursue policies of free trade and avoid protectionism.

Miyazawa Hopes for Early Summit

OW0411102692 Tokyo KYODO in English 1009 GMT 4 Nov 92

[Excerpt] Tokyo, Nov. 4 KYODO—Prime Minister Kiichi Miyazawa on Wednesday [4 November] congratulated U.S. President-Elect Bill Clinton on his victory and said he hopes to hold an early summit meeting with Clinton, who is to take over the White House on January 20.

Miyazawa said he does not expect any major change in U.S. policy toward Japan.

"Our relations are broad and deep, so it is not the sort of thing that undergoes major alterations if one person changes," Miyazawa told reporters.

Miyazawa sent a congratulatory telegram to Clinton, in which he said he is looking forward to working together in the common task of building a more peaceful and prosperous world, the top government spokesman said. [passage omitted]

Kato, Watanabe Congratulate Clinton

OW0411080192 Tokyo KYODO in English 0749 GMT 4 Nov 92

[Text] Tokyo, Nov. 4 KYODO—Japan on Wednesday congratulated Bill Clinton on his victory in the U.S. presidential election and said it looks forward to working with his administration.

Chief Cabinet Secretary Koichi Kato said in a statement that Japan "heartily expresses its congratulations" and "looks forward to working with the Clinton administration to build cooperative relations befitting this new era."

Kato said revitalization of the U.S. economy is important not only for Japan but also for the world as a whole.

The spokesman also paid tribute to President George Bush for his leadership in ensuring global peace and prosperity.

He said Japan will continue to cooperate with Bush during the remainder of his term to try and resolve pending issues. Clinton takes office in January.

Foreign Minister Michio Watanabe, in a separate statement, called for "close cooperative relations with the next administration" and praised Clinton as being "endowed with both intellectual and political leadership."

"I have high expectations that he will be a world leader in these times of change," Watanabe said, adding that U.S. leadership will henceforth be "more important than ever."

Tokyo 'at a Loss' on Forging Ties

OW0411132592 Tokyo NHK General Television Network in Japanese 1000 GMT 4 Nov 92

[Recorded report by correspondent Ryuichi Teshima from the Foreign Ministry; from "NHK News" program]

[Text] The Japanese Government believes U.S. voters chose the young pair of Democrats—Clinton and Gore—to lead an economic recovery of the United States since President Bush's policy of a stronger United States is quickly losing public support now that the cold war has ended.

The shift in power at the White House means more than 3,000 key government posts—ranging from secretary of state to ambassador to Japan—will be filled by Democrats. As such, the Japanese Government appears to be at a loss, faced by an urgent need to forge ties with a new administration.

But the government does not expect Clinton to immediately change U.S policy toward Japan. However, the Clinton government is likely to take a harder line than President Bush—as seen, for instance, by Mr. Clinton's past demand on forming an economic security conference for reconstructing the U.S. economy.

The new administration is likely to press Japan harder to open its agricultural market, and also to provide military technology to U.S. high-tech companies. In addition, foreign companies operating in the United States may face heavier taxation.

The Democratic administration is certain to take a more hawkish attitude than the Republicans toward the Chinese Government's handling of the human rights issue. This may create friction between the U.S. and Japanese Governments over policies regarding China. Japan has been ahead of other Western democracies in advancing good relations with China following the military crackdown on prodemocracy demonstrators in Tiananmen Square.

Given this situation, when will Prime Minister Miyazawa choose to hold a Japan-U.S. summit and build a trusting relationship with the new president in order to put Japan-U.S. relations on the right, stable track? This will be the most important task facing Japan's top leader.

Keidanren Head Comments on Change

OW0411135692 Tokyo NHK General Television Network in Japanese 1000 GMT 4 Nov 92

[From "NHK News" program]

[Text] We have asked Mr. Gaishi Hiraiwa, chairman of the Japan Federation of Economic Organizations [Keidanren] to give his view, on behalf of the economic circles, [on the Clinton victory.]

[Begin Hiraiwa recording] With the change of the president from Mr. Bush to Mr. Clinton, there are bound to be some changes in the U.S. foreign policy, too. But the relationship between Japan and the United States is one of the most important bilteral relationships—particularly for Japan.

I hope that both sides will work hard to avoid falling into confrontational attitudes toward each other and to maintain good relations with each other. I think both sides need to work hard so that a relationship based on mutual understanding and trust may be fostered at all levels and in all sectors of industry. [end recording]

'Elements of Uncertainty' Noted

OW0411054492 Tokyo KYODO in English 0522 GMT 4 Nov 92

[By Tim Johnson]

[Text] Tokyo, Nov. 4 KYODO—U.S. President George Bush's loss to Arkansas Gov. Bill Clinton in Tuesday's election has many observers in Tokyo fearing the specter of increased protectionism and isolationism under a Democratic President and Congress.

"There are elements of uncertainty for us because it's been so long since we've worked with a Democratic administration," said a Foreign Ministry official, speaking on condition of anonymity.

After 12 years of close association with the Republican administrations of Bush and former President Ronald Reagan, strong proponents of open markets and global engagement, Japan faces the task of establishing rapport with a team put together by Clinton, who has no foreign policy experience.

Because of the probable shifts in U.S. policy regarding issues of importance to Japan, such as a tougher approach toward China on human rights, official sources said the government is considering visits to Washington soon after Clinton's January inauguration. Among those who may go calling will be Foreign Minister Michio Watanabe and Prime Minister Kiichi Miyazawa.

Although many observers do not expect Clinton to make radical changes in Washington's Japan policy, the president-elect has caused apprehension in Tokyo with his campaign vows to "elevate economics in foreign policy" and to make restoring the tattered U.S. economy his "first foreign policy priority."

Some Foreign Ministry officials say, however, it is premature to conclude that the Democratic Party's domination of the U.S. political scene will spell a downturn in bilateral trade relations.

According to one official, Congress may be less apt under Clinton to introduce tough legislation affecting Japan, because under Bush such legislation was introduced "not only to bash Japan, but to also to bash the Republican White House."

A more pessimistic view suggests that Clinton may not be as able or willing as Bush to veto tough trade legislation, as it is not certain whether he will be master or slave of the Congress.

To Japan's consternation, Clinton has backed the revival of the so-called Super 301 provision of the 1988 Omnibus Trade Act, which penalizes other countries' unfair practices with tariffs of up to 100 percent. Bush had threatened to veto an attempted revival.

Japan's trade surplus with the U.S. this year is heading for another record, having hit an unadjusted 21.16 billion dollars in the April-September period, up from 17.37 billion dollars last year.

Clinton also has advocated raising 45 billion dollars in taxes over four years by closing tax loopholes on foreign companies in the U.S., has criticized lobbying for foreign interests by former government officials, and wants an economic security council to coordinate U.S. economic strategy.

He has called for "a tough trade policy that is fair," saying at the same time that Washington must "determinedly challenge" Japan and other countries to open their markets.

Officials said, however, they are encouraged by Clinton's apparent determination to tackle America's economic ills, since a strong America is ultimately in Japan's interests.

They praised Clinton for rejecting the temptation to make Japan a scapegoat for the flagging U.S. economy, noting he has coupled his calls for greater market opening by Japan with exhortations about the need for increased infrastructure investment, educational standards, and worker training.

Some Japanese have expressed anxiety that the U.S. may become less enthusiastic under Clinton to engage itself globally, concentrating its energies instead on addressing domestic ills.

But Japan has found some solace on that score, said one official, in the fact that Clinton "has not said a single word in his campaign suggesting the U.S. is going to be an introvert."

"Indeed, he does emphasize a need to reconstruct the U.S. economy, but at the same time he emphasizes the need for a strong America which can lead the international community."

In the wake of last month's visit by Emperor Akihito to China, which bolstered Sino-Japanese ties, Japan is uneasy over the political and economic implications of the tough stance the Clinton administration is expected to take toward Beijing.

Clinton has criticized Beijing for "suppressing the aspirations of the Chinese people for greater democracy," and has vowed to link China's trading privileges in the United States to its human rights record and its conduct on trade and weapons sales.

There is also some worry in Japan and other Asian countries that Clinton may place less importance on the U.S. forces in the region.

Japan has recently been stressing that a strong U.S. presence is as vital for regional stability now as it was during the cold war, while some Asian observers have been voicing fears over a future deterioration of Japan-U.S. security ties.

Dollar Shows Favorable Reaction

OW0411081992 Tokyo KYODO in English 0742 GMT 4 Nov 92

[Text] Tokyo, Nov. 4 KYODO—The U.S. dollar closed lower against the yen in Tokyo on Wednesday, although it was higher than its earlier levels on favorable reaction to Bill Clinton's winning of the U.S. presidency.

The market saw a flurry of dollar-buying near midday, but the market "generally ran out of energy to move either way" in the afternoon, said a dealer at a commercial bank.

The dollar finished at 122.90 yen, down 0.79 yen from Monday's closing rate of 123.69 yen but up 0.40 yen from its opening rate of 122.50 yen.

The Tokyo market was closed Tuesday for a national holiday.

The closing rate compared with the late overnight quotes of 122.15-25 yen in both New York and London.

In the morning, the dollar carried on the weak trend from overseas markets, falling to the 122 yen range for the first time in about a week.

Dealers said the selling was from players who had been expecting Bill Clinton to win the presidency and were turning to square their long-positions.

A rumor overnight that investment adviser Roger Altman had said 100 yen was an appropriate range for the dollar also weighed on the U.S. currency, dealers said.

Toward midday, however, buying orders largely increased as players were cheered about the prospects of a Clinton presidency.

Some dealers said the general optimism stemmed from hopes the U.S. economy will improve under Clinton.

One foreign bank dealer said it was "a general assessment of Clinton's personality" that was creating the cheerful mood.

But after reaching the lower end of 123 yen, the market ran out of upward momentum, reflecting what one commercial bank dealer said was "an indecision as to what the future trend will be."

Mamoru Ashimoto, a dealer at Yasuda Trust and Banking Co., said few players are willing to take new positions.

"The consensus seems to be that the dollar will be supported by the rise in U.S. long-term interest rates, but no one is very earnest in doing much here in Tokyo these days," he said.

During the day, the dollar moved between 122.15 yen and 123.35 yen, compared with Monday's 123.50-77 yen range.

The central trading rate stood at 123.20 yen, down from 123.60 yen the previous day.

Spot trading volume stood at 8,238 million dollars, compared with 3,919 million dollars Monday, while swap transactions came to 9,223 million dollars, compared with 7,218 million dollars the previous trading day.

Spirit of Free World Trade Urged

OW0411095092 Tokyo KYODO in English 0938 GMT 4 Nov 92

[Text] Tokyo, Nov. 4 KYODO—Japanese business leaders congratulated Bill Clinton on Wednesday [4 November] on his victory in the U.S. presidential election, expressing hope he will promote free trade.

Hiroshi Saito, chairman of the Japan Iron and Steel Federation, said he hopes Clinton will take the initiative for an early conclusion of deadlocked talks for a multilateral steel agreement. Saito, also president of the world's largest steelmaker Nippon Steel Corp., said he is worried about disruption of orderly steel trade in the wake of dumping charges filed by U.S. steel manufacturers against foreign competitors.

Yutaka Kume, chairman of the Japan Automobile Manufacturers Association and chairman of Nissan Motor Co., appealed to Clinton to abide by the spirit of free world trade on which the General Agreement on Tariffs and Trade is based. He said Japanese automakers are bracing for a severe trade policy against themselves.

Takashi Kitaoka, chairman of the Electronic Industries Association of Japan and president of Mitsubishi Electric Corp., said Clinton's election victory reflected the American people's desire for changes. He expressed hope Japan-U.S. relations will develop further under Clinton's administration, ruling out a drastic change in basic U.S. policy toward Japan.

Tsutomu Kanai, president of Hitachi Ltd., called on the president-elect to take measures for smooth implementation of direct investments in the United States by foreign enterprises. He also said he hopes Clinton will work for an early conclusion of the ongoing Uruguay Round world trade talks in order to establish a new order in global trade.

Akio Tanii, president of Matsushita Electric Industrial Co., expressed hope Japan-U.S. relations will develop further smoothly with Clinton's leadership. He called on Clinton to work with other major advanced nations to consolidate the free trade system.

Koichiro Ejiri, chairman of major trading house Mitsui and Co., called for continuity of U.S. foreign policy and expressed concern Clinton may put too much emphasis on domestic policies in order to rebuild the U.S. economy. He said he hopes Clinton will implement policies to help U.S. industries restore international competitiveness.

Minoru Makihara, president of Mitsubishi Corp., warned of the rekindling of trade friction between Japan and the United States, which he said has subsided during the election campaign period. He expressed hope the change of government will cause psychological effects for economic recovery in the United States.

Masaki Yoshida, chairman of the Japan Petrochemical Industry Association and president of Mitsubishi Petrochemical Co., said he foresees little possibility of a change in bilateral relations though some impact may be felt on foreign exchange and trade problems. He expressed hope for an early recovery of the U.S. economy because trends on the U.S. petrochemical market will have bearings on the Japanese market.

Business Leaders Fear Protectionism

OW0411042992 Tokyo KYODO in English 0418 GMT 4 Nov 92

[Text] Tokyo, Nov. 4 KYODO—Japanese business leaders on Wednesday welcomed the victory of Democrat Bill Clinton in the U.S. presidential election, but some executives expressed concern that his administration could turn to protectionism in its trade policies.

Gaishi Hiraiwa, chairman of the Federation of Economic Organizations (Keidanren), said Clinton won because American voters were dissatisfied with the Republican administration for its failure to address the U.S. fiscal and trade deficit problems.

Hiraiwa said Clinton appealed to the voters with his youth and calls for reforms.

But Rokuro Ishikawa, chairman of the Japan Chamber of Commerce and Industry, said that if a Clinton administration fails to bring about national economic recovery or to reduce the U.S. fiscal deficit, it could face protectionist pressures, such as moves to revive the Super 301 retaliatory provision. The law requires the administration to annually identify countries maintaining trade barriers against U.S. exports and impose punitive tariffs if bilateral negotiations fail to remove such barriers.

Takeshi Nagano, president of the Federation of Employers Associations (Nikkeiren), said Clinton is likely to pay more attention to domestic problems than diplomatic issues.

Most business leaders agreed that a Clinton administration will put priority on U.S. economic recovery.

No 'Change' in Construction Talks

OW0411063492 Tokyo KYODO in English 0604 GMT 4 Nov 92

[Text] Tokyo, Nov. 4 KYODO—Bill Clinton's victory in the U.S. presidential election will not affect Japan-U.S. talks on the opening of the Japanese construction market, Construction Ministry officials said Wednesday.

"The stage has been set for progress of the negotiations, and we don't foresee any change in the U.S. stance on the matter in the future," said a senior ministry official, who declined to be named.

Japan and the United States are scheduled to hold talks in Tokyo in December to review a bilateral agreement on the opening of the Japanese construction market.

The meeting will be held as scheduled, although assessment of the stance of the new U.S. administration will be sought through the Foreign Ministry in about a week, a ministry official said.

The United States has demanded that Japan open its construction market further, allowing more U.S. enterprises to participate in public works projects in Japan.

Under the agreement, Japan pledged to open 34 public works projects to U.S. enterprises.

'Harder Line' Feared in Trade

OW0411091692 Tokyo KYODO in English 0853 GMT 4 Nov 92

[Text] Tokyo, Nov. 4 KYODO—The triumph of Democrat Bill Clinton in the U.S. presidential election may give Japan's top trade negotiators some sleepless nights, raising the specter of a bullying America in bilateral trade affairs.

Few officials expect Clinton will bring about a quick repair to the bilateral economic relations, damaged by a chronic trade gap, and many fear that the new administration will take a harder line in its trade policy with Japan than the Bush government.

"Bilateral economic relations will hardly improve as long as the trade gap lingers," said an official of the Foreign Ministry. The current-account imbalance is now sure to top 100 billion dollars in fiscal 1992.

A Ministry of International Trade and Industry official said, "We don't have the slightest idea about how far the new president can stave off his party's inherent inclination toward protectionism."

Some officials welcome Clinton's repeated stress on self-effort by U.S. industries to boost its competitiveness, most are skeptical, however, on whether Clinton can maintain that stance after he enters the White House.

"He will have to listen to the voices of the domestic industry and can no longer only stress self-effort," a Foreign Ministry official said.

Indeed, Clinton has already made it clear that he will not rule out the possibility of reviving or strengthening Super 301, a retaliatory provision of the Omnibus Trade Act, in negotiating bilateral trade matters.

He has also repeatedly suggested higher tariffs on foreign companies and in particular minivans, which would be a great threat to Japanese automakers.

Top Japanese bureaucrats also expect the bilateral Structural Impediments Initiative (SII) talks, launched in 1989 and concluded in 1990, to go through a major revision or be totally discontinued now that the administration has changed.

With the perception that the Japanese economy is structurally flawed and exclusive to foreign competitors likely to remain intact, future bilateral trade talks will be more or less similar to the SII scheme, they say.

Government economists are also split over currency and monetary policies of the new administration.

While some expect Clinton will engineer a weaker dollar to slim the country's unabated trade imbalance, others note Clinton has criticized the Bush government for its monetary policy, whose series of interest rate cuts have pushed down the value of the dollar.

Meanwhile, Japanese business circles were ambivalent on Clinton's victory.

While Clintonomics is expected to revive a stronger American economy, thus benefiting the global market, particularly Japan, industries in Japan are bracing for a likely shift toward a protectionist government.

"It seems inevitable the new government will assume more protectionist colors in its trade policy," an executive of Honda Motor Co. said.

Industry officials agree various bilateral trade agreements that have been reached during the Bush administration—ranging from supercomputers to construction to car sales—will be mostly carried over to the new government where Democrat negotiators will likely be more demanding than Republicans.

In a bid to preempt possible waves of U.S. protectionism, business leaders of the Kansai region, in western Japan, issued special statements calling on Clinton to honor the free-trade spirit in his trade policy.

"Japan and the U.S. should cooperate to maintain and expand the free trade system by striving to bring the Uruguay Round of global trade talks to a successful conclusion," Keizo Saji, head of the Osaka Chamber of Commerce and Industry, said in a statement.

Also worrying Japan's business community is the switch from pro-China Bush to Clinton, who more strongly supports human rights issues, industry sources said.

An official with a major trading house said, "Clinton may take a tough stance on China, citing its poor human rights records."

If Sino-U.S. ties suffer a setback, Japanese industry could not escape the resulting adverse effects, they said, adding that this would be least desirable for industry, which has sought to boost its position in the Chinese market after the emperor's recent trip to the country.

Victory Seen Delaying GATT Talks

OW0411091792 Tokyo KYODO in English 0858 GMT 4 Nov 92

[Text] Tokyo, Nov. 4 KYODO—The victory of Democrat Bill Clinton in the U.S. presidential election will further delay the already drawn-out global trade talks, government officials said Wednesday [4 November].

The Uruguay Round of multilateral trade talks will be at a standstill until January, when Clinton enters the White House, with a final agreement unlikely at least until next spring, they said.

After six years of marathon talks, the round, held under the sponsorship of the General Agreement on Tariffs and Trade (GATT), is still unfinished, chiefly due to the feud between the United States and the European Community (EC) over farm trade reform.

The officials are agreed that the Clinton administration will continue to pursue a successful conclusion of the round, but they are divided over how quickly it will move.

One scenario is that the Clinton administration will express its resolve to wrap up the talks by the end of February, the virtual deadline for the administration's "fast-track" authority, before concluding the negotiations by the end of May, the legal deadline of the authority, which has to be approved by Congress.

Another scenario is that the administration will request an extension of the authority and pledge an early solution to the round at the next summit meeting of the Group of Seven (G-7) industrial nations in Tokyo.

In either case, a final pact on the round will not come until next spring, they said.

The officials said that Clinton is unlikely to try to discuss Japan's rice import ban bilaterally, after the Bush administration twice killed such attempts by U.S. rice growers.

Hatakeyama 'Hopeful' on GATT

OW0411114192 Tokyo KYODO in English 1111 GMT 4 Nov 92

[Text] Tokyo, Nov. 4 KYODO—Japan's vice trade minister suggested Wednesday he is still hopeful of wrapping up the long-stalled Uruguay Round of multilateral trade talks by the end of this year.

Noboru Hatakeyama, vice minister for international affairs of the Ministry of International Trade and Industry, told reporters that the failure of three days of European Community (EC)-U.S. negotiations in Chicago over an oilseed dispute does not mean a collapse of the whole free trade talks under the General Agreement on Tariffs and Trade (GATT).

U.S. Agriculture Secretary Edward Madigan and his EC counterpart Ray MacSharry ended their three-day farm talks Tuesday without agreement.

The Madigan-MacSharry meeting, a last-ditch effort to settle the bilateral row before the U.S. presidential election, was seen as the last chance for a conclusion this year of the six-year-old round of talks.

Hatakeyama said, however, "We need to watch developments of Wednesday's GATT council meeting."

He hinted there is a possibility of inducing the EC to make a concession to the U.S. over oilseed production.

The EC would not be able to take a retaliatory action if the GATT council endorses the punitive tariffs the U.S. levies on EC exports as a sanction against the EC's oilseed subsidies, Hatakeyama said.

Hatakeyama also said U.S. President-Elect Bill Clinton is an internationalist favoring free trade and unlikely to be isolationist.

The Japan-U.S. relationship should remain unchanged for some time since Clinton may attach great importance to the bilateral relationship as current President George Bush has done, he said.

Future Development of Uruguay Round 'Uncertain'

OW0411033092 Tokyo KYODO in English 0247 GMT 4 Nov 92

[Text] Tokyo, Nov. 4 KYODO—The future development of the Uruguay Round of world trade talks is now uncertain and even a retreat is possible, Japan's Agriculture Ministry officials said Wednesday.

"It seems difficult to conclude the Uruguay Round within this year," said an official of the Agriculture, Forestry, and Fisheries Ministry, following unsuccessful farm ministers' talks in Chicago between the United States and the European Community (EC) over farm issues.

The official pointed to reported speculation that the U.S. will impose new tariffs on oilseed imports to retaliate for EC's disagreement on limiting oilseed production.

"If such is the case, the EC may take some moves against the U.S., and the whole situation can move backward," the official at the ministry's Economic Affairs Bureau said.

The ministry is also wary that if the talks continue to be stalled, the U.S. Rice Millers Association (RMA) may file another petition with the U.S. Government to use the Super 301 retaliatory provision against Japan to open its protected rice market.

The RMA filed two similar petitions in the past, and suggested it would do so again if the trade negotiations held under the General Agreement on Tariffs and Trade (GATT) collapsed.

The earlier petitions were turned down by the U.S. Trade Representative Office because of its position the rice issue should not be negotiated bilaterally but multilaterally.

Japanese officials say they feel pressure for an open rice market is far stronger in bilateral negotiations than in multilateral negotiations.

Kato: U.S.-EC Talks 'Should Not' Block GATT

OW0411034292 Tokyo KYODO in English 0331 GMT 4 Nov 92

[Text] Tokyo, Nov. 4 KYODO—Japan said Wednesday that the breakdown in farm talks between the United States and the European Community (EC) should not be allowed to disrupt progress on global trade talks.

Chief Cabinet Secretary Koichi Kato said that U.S.-EC talks on oilseed production are not part of the negotiations on the General Agreement on Tariffs and Trade (GATT), and the results should not interfere with the world trade talks, known as the Uruguay Round.

"We should not discard hope for the Uruguay Round. The Uruguay Round negotiations are important and necessary for protecting the free trade system, and Japan intends to make efforts to reach an agreement," Kato told a regularly scheduled news conference.

EC Agriculture Commissioner Ray MacSharry told reporters Tuesday that the EC had rejected a U.S. demand for limits on oilseed production, and said there were no plans for resuming talks.

Chief Japanese Negotiator on Talks With DPRK

OW0211141192 Tokyo KYODO in English 1356 GMT 2 Nov 92

[Text] Tokyo, Nov. 2 KYODO—North Korea will express readiness to improve relations with Japan during upcoming normalization talks in Beijing, the chief Japanese negotiator said Monday.

Noboru Nakahira said in an interview with KYODO News Service that Pyongyang was eager to improve ties with both Japan and the United States long before South Korea and China established diplomatic relations in August.

He said that the International Atomic Energy Agency has inspected North Korean nuclear facilities three times so far but that IAEA has not completed its work yet.

During the Beijing talks Thursday and Friday, Nakahira said, Japan will strongly press North Korea to agree to mutual inspections of North and South Korean nuclear facilities.

On the issue of Korean women forced into prostitution by the Japanese military during World War II, Nakahira said the Japanese Government is addressing the matter seriously.

The Japanese official said Tokyo will not, however, make a "specific response" on the matter to North Korea during the forthcoming meeting.

He said Japan will call on North Korea to allow Japanese wives of North Koreans to visit their homeland.

Vice Minister on Aid to Former Soviet States

OW0411060492 Tokyo KYODO in English 0544 GMT 4 Nov 92

[Text] Tokyo, Nov. 4 KYODO—Japan is ready to give financial aid to three Central Asian republics of the former Soviet Union when they agree with the International Monetary Fund (IMF) on restructuring programs, a top Finance Ministry official said Wednesday.

Tadao Chino, vice finance minister for financial affairs, made the remark at a press conference while commenting on his trip to Uzbekistan, Kyrgyzstan, and Kazakhstan in late October.

Japan would be willing to consider providing financial aid to the three countries through an IMF consultative group, if they agree to take over part of the debts of the former Soviet Union and if they agree with the IMF on restructuring programs, Chino said.

The three countries also showed strong interest in introducing Japanese capital for joint-venture projects, he said.

Takeshita Faction's Power Struggle Criticized

OW0311131092 Tokyo KYODO in English 1208 GMT 3 Nov 92

[Text] Utsunomiya, Nov. 3 KYODO—Foreign Minister Michio Watanabe criticized the largest faction of the ruling Liberal Democratic Party (LDP) on Tuesday for continuing the intrafaction power struggle over its new leadership.

In a speech in Utsunomiya, north of Tokyo, Watanabe said if the infighting does not stop as soon as possible, it will adversely affect the LDP's popularity and the extraordinary session of the Diet, which was convened last week.

Watanabe, who heads the fourth-ranked LDP faction, expressed hope for an early settlement of the rift in the bloc founded by former Prime Minister Noboru Takeshita.

Last Wednesday, Keizo Obuchi, former LDP secretary general, was elected chairman of the faction at a general meeting.

Faction members led by former LDP Secretary General Ichiro Ozawa, however, have refused to approve Obuchi as leader and supported Finance Minister Tsutomu Hata.

The struggle in the 109-member faction has been intensifying since mid-October when former LDP Vice President Shin Kanemaru resigned from the House of Representatives over his acceptance of an illegal 500 million donation from Tokyo Sagawa Kyubin Co.

Watanabe said if the faction, whose membership accounts for more than one-fourth of all LDP legislators, fails to heal the rift, he would like to see it split into different groups.

He also criticized Takeshita and Kanemaru for their alleged links with a crime syndicate in connection with the 1987 LDP presidential election.

Kanemaru allegedly asked Susumu Ishii, the late chairman of the Inagawa-kai, through Hiroyasu Watanabe, former president of Tokyo Sagawa, to help stop a right-wing group's harassment of Takeshita just before the election

Watanabe described their alleged connection with the gang boss as thoughtless.

Hata Considering Forming 'Political Movement'

OW0311140492 Tokyo KYODO in English 1240 GMT 3 Nov 92

[Text] Tokyo, Nov. 3 KYODO—Finance Minister Tsutomu Hata indicated Tuesday a split in largest faction of the ruling Liberal Democratic Party (LDP) may be inevitable, saying a poor compromise that stagnates politics is unforgivable.

Hata has been at the center of rumors the faction is about to split since the fall of Shin Kanemaru, former chairman, for receiving 500 million yen in illegal political funds from the mob-tainted Tokyo Sagawa Kyubin trucking firm.

Former LDP Secretary General Ichiro Ozawa and his followers have backed Hata for the chairman's post in the wake of the scandal, while the majority appear to support Keizo Obuchi, one-time chief cabinet secretary.

Hata, speaking at his alma mater Seijo University, said, "a faction is gathered with a person at the center in search of an ideal. When the objective is over, it's alright to disband."

"Repeating this gives vitality to politics," said Hata.

He indicated he would discuss the rift with members of the Obuchi group, but added, "a poor compromise that stagnates politics is unforgivable."

Hata stressed if Wednesday's meeting with LDP Secretary General Tamisuke Watanuki reaches an impasse, he is considering bolting the faction and creating his own political movement.

"If the sacrificial stone of reconciliation leads to a new government, that's good," Hata told the Seijo audience. "Whatever happens will be just."

He said he wants to avoid a split in the faction, saying, "if there is a rupture, bitterness and hardships will remain and stagnate politics."

Hata also blasted suggestions that as a cabinet member he should not be involved in the factional strife and representing the Ozawa group.

He called for fundamental reforms in the election system, saying the Political Funds Control Law has been revised already a number of times.

Miyazawa Takes 'Evasive' Stand on Sagawa Scandal

OW0411083392 Tokyo KYODO in English 0810 GMT 4 Nov 92

[Text] Tokyo, Nov. 4 KYODO—Prime Minister Kiichi Miyazawa came under attack in the Diet on Wednesday [4 November] for taking an allegedly evasive stand on the Tokyo Sagawa Kyubin money-and-mobster scandal.

Miyazawa, at a plenary session of the House of Representatives, spoke of the need to win back public trust in politics following ruling party kingpin Shin Kanemaru's receipt of an illicit 500 million yen political donation, but failed to show strong resolve to get to the heart of the scandal, political observers said.

Apparently dissatisfied with Miyazawa's answers, Makoto Tanabe, chairman of the Social Democratic Party (SDP), who asked a list of questions in the Diet, said, "We will have no choice but to take action to demand the ouster of the Miyazawa cabinet."

In response to Tanabe's question about the perceived leniency of the prosecution and judicial authorities toward Kanemaru, Miyazawa said he does not think it violates the principle of equality under law, because "the prosecution fulfilled their duty to the best [as received] their ability."

Kanemaru, former vice president of the ruling Liberal Democratic Party (LDP), resigned from the lower house in October after paying a 200,000 yen fine under a summary procedure without having to face a trial or undergo questioning for his acceptance of the illegal donation from Tokyo Sagawa Kyubin Co.

Touching on the growing public demand for the resignation of former Prime Minister Noboru Takeshita from the Diet for his alleged ties with gangsters, the prime minister said, "whether or not to keep a Diet seat is, first and foremost, a matter for Mr. Takeshita himself and his constituents."

Shortly before the LDP presidential race in 1987, Kanemaru allegedly contacted Susumu Ishii, the late leader of the Inagawa-Kai crime syndicate, through Hiroyasu Watanabe, then president of Tokyo Sagawa Kyubin Co.

Kanemaru reportedly asked Ishii to silence a right-wing group that was harassing Takeshita, who was one of the candidates for the LDP post, and with it, the premiership.

Asked about a reported transfer of some 1.7 billion yen to 10 or more LDP politicians from Tokyo Sagawa

Kyubin, Miyazawa said the prosecutors investigating the case have found nothing to indicate a crime was committed.

Miyazawa also voiced deep remorse for his involvement in the 1989 Recruit shares-for-favors scandal, which forced him to resign as finance minister, and the indictment earlier this year of a close aide, Fumio Abe, for involvement in another bribery scandal.

Abe, former chief of the Hokkaido and Okinawa Development Agencies, is on trial on charges of taking bribes from Kyowa Co., a now-defunct steel frame manufacturer. Abe once served as secretary general of the LDP faction led by Miyazawa.

Replying to a question on political reform measures, the premier said he hopes political reform will be swiftly implemented through dialogue in the current extraordinary Diet session that began last Friday.

Concerning diplomatic affairs, Miyazawa pledged to seek new ways for Japan to contribute more to the peace and stability in the Asia-Pacific region.

In reply to an opposition call for a cut in income tax, Miyazawa said he is unwilling for such a move because of the revenue shortfall that would result.

"Since I have no intention to raise the consumption tax, I hope you can easily understand that we cannot move so easily" to cut income tax, he said.

Fails To Express 'Strong Resolve'

OW0411113992 Tokyo KYODO in English 1056 GMT 4 Nov 92

[Text] Tokyo, Nov. 4 KYODO—Prime Minister Kiichi Miyazawa failed Wednesday [4 November] to express strong resolve to get to the heart of the widening money-and-mobster scandal that threatens to engulf his government.

Miyazawa's attitude at a plenary session of the House of Representatives came despite his call for the need to recapture public trust in politics lost due to the scandal surrounding the now-defunct Tokyo Sagawa Kyubin Co.

Dissatisfied with the premier's answers to his list of questions, Makoto Tanabe, chairman of the largest opposition Social Democratic Party, angrily said, "We will have no choice but to take action to demand the ouster of the Miyazawa cabinet."

Komeito Chairman Koshiro Ishida also urged Miyazawa to unravel the scandal, saying, "We are now at the crossroads of whether we can make our nation's politics truly democratic or we will wind up seeing its collapse."

Asked on the perceived leniency toward ruling party kingpin Shin Kanemaru for his receipt of an illegal 500 million donation, Miyazawa brushed aside speculation it violated the principle of equality under law, because "the prosecution fulfilled their duty to the best of their ability."

Kanemaru, former vice president of the governing Liberal Democratic Party (LDP), gave up his House of Representatives seat in October after paying a 200,000 yen fine under a summary indictment without having to face a trial or undergo questioning.

Referring to the public chorus for the resignation of former Prime Minister Noboru Takeshita from the Diet for his alleged ties with mobsters, Miyazawa said, "Whether or not to keep a Diet seat is first and foremost a matter for Mr. Takeshita himself and his constituents."

The prime minister also stopped short of clarifying his stance toward the unified opposition demand to summon Kanemaru and Takeshita as sworn witnesses to clarify their involvement in the scandal.

Shortly before the LDP presidential race in 1987, Kanemaru allegedly contacted Susumu Ishii, the late leader of the Inagawa-Kai organized crime, through Hiroyasu Watanabe, then president of Tokyo Sagawa Kyubin.

Kanemaru is reported to have asked Ishii to silence a right-wing group's harassment against Takeshita, one of the candidates for the LDP presidency and the premiership.

Turning to a reported transfer of about 1.7 billion yen to 10-plus LDP politicians from Tokyo Sagawa, Miyazawa said the prosecutors probing the case have discovered nothing to indicate a crime was committed.

In response to a question on political reform, the premier said he hopes it will be swiftly implemented through interparty dialogue in the extraordinary Diet session that began last Friday.

On diplomatic affairs, Miyazawa vowed his efforts to seek new ways for Japan to contribute more to peace and stability in the Asia-Pacific region.

He brushed aside speculation conditions for the dispatch of Japanese troops to Cambodia have been broken by the Khmer Rouge rebel group.

"The Khmer Rouge is not saying they will launch an all-out war, so viewed objectively I don't think the situation has changed," Miyazawa said.

Replying to an opposition call for a cut in income tax, Miyazawa showed reluctance due to an anticipated revenue shortfall.

"Since I have no intention to raise the consumption tax, I hope you can understand that we cannot move so easily" to cut income tax, he said.

Poll Shows 24 Percent Approval Rate for Miyazawa

OW0411022392 Tokyo KYODO in English 0124 GMT 4 Nov 92

[Text] Tokyo, Nov. 4 KYODO—Only 24 percent of Japanese have a positive impression of Prime Minister Kiichi Miyazawa's political stance and achievements as the first anniversary approaches of his taking office, according to a poll released by the national daily YOMIURI SHIMBUN Wednesday.

The newspaper said 73 percent of respondents do not approve of his performance in these two areas.

It said the October 24-25 poll, conducted only days before the anniversary of Miyazawa's inauguration on November 5, 1991, showed that the Sagawa Kyubin scandal has damaged the prime minister's credibility.

The YOMIURI said the approval rating was lower than those for two recent past prime ministers, Toshiki Kaifu and Noboru Takeshita, after their first year in office. Kaifu had an approval rating of 59 percent after his first year, and Takeshita had 44 percent.

The poll, conducted at the height of the Sagawa Kyubin scandal and the leadership struggle within the Takeshita faction, the largest faction in the ruling Liberal Democratic Party (LDP), also found that a majority of Japanese are dissatisfied with the current state of politics.

The YOMIURI said 49.4 percent of respondents were "more or less dissatisfied" and 27.2 percent were "very much dissatisfied."

It said 76.6 percent expressed dissatisfaction, compared with 21.3 percent who expressed some degree of satisfaction.

The survey found that 74.5 percent felt Miyazawa had not successfully handled the Tokyo Sagawa Kyubin scandal.

The worst disapproval ratings for Miyazawa was for leadership, at 80.3 percent, executive ability 78.9 percent, and ability to unite the LDP 79 percent.

Among the approval ratings for specific issues, the highest at 43.7 percent was for his handling of Emperor Akihito's October visit to China.

North Korea

Daily Responds to Charges of Terrorist Plans

SK0411025292 Pyongyang Korean Central Broadcasting Network in Korean 0023 GMT 4 Nov 92

[NODONG SINMUN 4 November commentary: "The Last-Ditch Effort of One Whose Destruction Is at Hand"]

[Text] The South Korean ruling bunch's anti-Republic smear campaign is becoming more vicious with each passing day. By mobilizing government-patronized mass media, the South Korean ruling bunch is waging preposterous and malicious propaganda that with the approach of the presidential election, we are attempting to conduct terrorism against its civilian aircraft to cause disorder in South Korean society.

The South Korean ruling bunch has also kicked up such noisy rackets as placing relevant organizations on emergency alert, conducting inspection of aircraft, and landing and take-off facilities at Kimpo Airport.

This is indeed intolerable defamation and mockery against us who are making all sincere efforts for national reconciliation and unity, as well as national reunification. This is also a new grave provocation against us.

The South Korean authorities fabricated such terrific anti-Republic smear dramas such as the fixed spies incident, the Workers Party of Korea [WPK] incident in South Korea, and so forth, and slandered and defamed us. Not satisfied with this, they are even spreading a false rumor among others that we are attempting terrorist acts against aircraft. Their true intention for doing this is to divert the South Korean people's attention elsewhere by fabricating and spreading more shocking incidents and rumors and to inspire the people's sense for anti-North confrontation. They are also scheming to block the advance of democratic forces at the point of bayonet and to bring about a political situation favorable for the retaking of power by military fascist forces.

To achieve their insidious political aims, the South Korean rulers slandered and defamed fellow countrymen by fabricating groundless incidents and even unhesitatingly staged a bloody and frenzied anticommunist drama. Indeed, they are national traitors who can never be pardoned.

People remember that the South Korean military fascist force fabricated the drama of murdering fellow countrymen known as the missing passenger airliner incident, on the eve of the presidential election in 1987, to provide a condition favorable to their coming into power. Judging from the fact that the South Korean rulers staged commotions spreading the rumor about a terrorist attack on an airplane in the wake of their fabrication and announcement of various spy cases, one is led to suspect that they are capable of again staging a self-made terrorist case, such as another missing passenger airliner incident to help the military fascist force come into power again.

The South Korean authorities' unusual words and acts came about with the United States manipulating behind the scenes. By saying that they were informed of the North's attempt to commit terrorism by the U.S. CIA, they admitted and confessed that all the self-made anticommunist dramas and strategic propaganda which they have staged to date were based on the scenarios and directives of the U.S. CIA.

The United States is the ringleader of terrorism which dares to shoot even the president in South Korea to death if it is deemed necessary. With such a nature, there is no guarantee that the United States will not again stage a missing passenger airliner incident similar to the one it fabricated in collaboration with the South Korean rulers on the eve of the last presidential election to put its servant in power.

A drowning man will grasp at any straw. The South Korean rulers, cornered by the powerful advance of the democratic forces, are on the brink of destruction and are making a last-ditch effort to reverse the situation in their favor. They are continuously using the WPK in the South Korea case—which has been thoroughly exposed to be a self-made and self-staged drama in the eyes of the world—as a card for anticommunist propaganda, and do not hesitate to fabricate a new shocking incident in the style of the so-called airplane terrorism incident. This is specific proof of the desperate struggle of those whose death is approaching.

However, it is very foolish for the South Korean ruling bunch to attempt to find a way to survive by staging the anti-Republic smear campaign and suppressing the patriotic force. This will only accelerate their shameful destruction, touching off the powerful resistance of the South Korean people who are aspiring for reunification by alliance with communism and alliance with the North. The South Korean authorities had better act with discretion.

Liaison Head Cancels N-S Military Hotline Talks

SK0311152992 Pyongyang Korean Central Broadcasting Network in Korean 1508 GMT 3 Nov 92

[Text] Our side's chief of the North-South Liaison Office sent a telephone message to the South side's chief on 3 November.

The telephone message points out: In the first North-South contact of working-level military communications officials, our side made it clear that your side had agreed with the United States to resume the Team Spirit joint military exercise, thus making the establishment of a military hotline meaningless. Our side also asked the South side to cancel its plan to conduct the adventurous military exercise. However, instead of affirmatively responding to our just demand, your side's authorities went a step further and started the Hwarang and Eagle '92 military exercises. In this way, your side has built another artificial obstacle to our contact on the establishment and operation of a military hotline. This means that your side made it impossible to hold a working-level contact on the establishment and operation of a military hotline at present. Therefore, we express our deep regret to your side over the fact that we cannot attend the scheduled contact of working-level military communications officials. We hope that your side will stop the military exercises to ensure that a contact can be held at an early date.

U.S.-South Exercise Called 'Criminal Plan'

SK0311113492 Pyongyang Korean Central Broadcasting Network in Korean 1150 GMT 2 Nov 92

[Commentary by station commentator Chong Pong-kil: "They Must Immediately Cancel Plans for the War Exercise"]

[Text] As has been already reported, the premier of the DPRK State Administration Council [SAC], who is the head of our delegation to the North-South high-level talks, sent an emergency telephone message to the South Korean prime minister, head of the South side's delegation, on 31 October.

In his emergency telephone message, the SAC premier noted that the two sides had agreed to hold joint committee meetings to discuss implementation of auxiliary agreements of each field at Panmunjom beginning from 5 November with one-week intervals, and pointed out that the South side is repeatedly conducting anti-dialogue maneuvers instead of creating an atmosphere for more vital and smooth progress of overall North-South dialogue, including meetings of North-South joint committees.

He said that despite our just demand to cancel the resumption of the Team Spirit war exercise, the South side had announced its plan to conduct the Eagle-92 South Korea-U.S. joint military exercise and a war exercise named Hwarang from 2 to 9 November. He strongly urged the South side to unconditionally and immediately cancel the criminal plan for war exercise that makes meetings of North-South joint committees precarious.

This insistence is an extremely just demand based on the desire to hasten the sound peace and peaceful reunification of the country, and it can be accepted by anyone who is interested in North-South dialogue and reunification of the fatherland.

As everyone knows, North-South dialogue is necessary to ease tensions in the country, to attain sound peace, and to hasten reunification. This is why we have repeatedly insisted, from the beginning of North-South high-level talks, that the Team Spirit war exercise designed to attack its dialogue partner should be halted.

The United States and the South Korean authorities also could not help but accept our suggestion and stop the Team Spirit joint military exercise this year because they could not deny this war exercise's negative effect on North-South dialogue.

However, the U.S. imperialists and the South Korean puppets have announced their plan to resume the Team Spirit war exercise and to conduct the Eagle-92 joint military exercise and the Hwarang war exercise during the period of North-South joint committee meetings.

After holding a joint meeting of the government, political parties, and organizations of the Republic, we have strongly demanded that the United States and South Korea should immediately withdraw the decision to resume the Team Spirit military exercise. In addition, we have made it clear that if they finally conduct nuclear war exercises, all dialogues and contacts between the authorities of the North and the South have to be suspended.

Regardless of this, they announced to conduct the Eagle-92 war exercise, apart from cancelling the plan for the Team Spirit exercise. This is a virtual destruction of dialogues and a declaration of overall confrontation against us.

What else can it be called than a provocation to aggravate tensions and to bring about a new war far from dialogue that they conduct large-scale war exercises all over the territories of South Korea, including the area around the DMZ, at the same time when the first meeting of the North-South Joint Committee for Reconciliation is supposed to be held.

The South Korean authorities surely know that conducting war exercises will suspend dialogue and turn the favorably developing situation on the Korean peninsula back to the original point of distrust and confrontation. However, they are going to conduct a large-scale war exercise, mobilizing about 800,000 soldiers.

We cannot help but regard this as a deliberate maneuver aiming at destruction of the forthcoming meetings of joint committees for implementation of auxiliary agreements.

Now all countrymen think that meetings of North-South joint committees should not be deterred by the U.S. imperialists and South Korean puppets' military provocation and hope that early implementation of the North-South agreement will open up the situation for peace and reunification.

Reflecting this aspiration of all countrymen, the SAC premier insisted that the criminal plan for war exercises, which makes meetings of joint committees precarious, should be withdrawn unconditionally and immediately.

There can be no reason or pretext for the South Korean authorities not to meet our demand. If they want dialogue for peace and reunification of the country, they should immediately withdraw the plan for war exercises against fellow countrymen and come to the road of national harmony and dialogue.

If the South Korean authorities leave the land of the fatherland to be used as the ground of U.S. nuclear war exercise and form an illicit connection with the troops of aggression in playing with fire against fellow countrymen, they cannot avoid all the people's strong denunciation as open violators of the agreement and betrayers of us.

The South Korean authorities had better behave prudently, looking at the heat of all countrymen's desire for reunification in the right.

Yi Sam-no Departs for Japan Normalization Talks

SK0311121692 Pyongyang KCNA in English 1112 GMT 3 Nov 92

[Text] Pyongyang November 3 (KCNA)—A DPRK Government delegation headed by Ambassador of the Ministry of Foreign Affairs Yi Sam-no left here today to attend the 8th round of the intergovernmental talks for the normalization of DPRK-Japan diplomatic relations slated in Beijing.

Commentary Condemns South-Japanese Military Ties

SK0411030392 Pyongyang Korean Central Broadcasting Network in Korean 1150 GMT 30 Oct 92

[Unattributed commentary: "Dangerous Traitorous Plot"]

[Text] The South Korean puppet military authorities are advancing along the road to further strengthen military collusion with Japan.

According to an Eighth U.S. Army in South Korea broadcast, Yi Pil-sop, the puppet chairman of the Joint Chiefs of Staff, stated that South Korea will strengthen military relations with Japan step by step and raved that South Korea and Japan will open ports of call for their naval ships for the benefit of South Korea-Japan joint military exercises.

He even stressed the significance of military cooperation with Japan as an important issue under the new (?global) order. This is indeed a dangerous plot to which we should pay close attention.

At a time when the cold war has ended and the world's advance toward disarmament and detente has become a trend, even existing military blocs and alliances have been dissolved and collapsed. Thus, their significance has vanished.

The move of the South Korean military authorities to strengthen military collusion with Japan totally contradicts the flow of the times.

Furthermore, taking advantage of the fact that there are no opposing systems in the East and West, Japan is rapidly accelerating its plan to become a big military power for reinvasion and is accelerating its nuclear armament. While talking about the mission to fulfill the new global order after the cold war, Japan has never apologized for its past crime of aggression. Japan formulated a law to allow the dispatch of troops overseas and has now entered the stage of openly sending Self-Defense Forces overseas.

Public opinion in many nations victimized by Japanese imperialist aggression in the past, including ours, is expressing great concern over this.

Public opinion opposing the military collusion between South Korea and Japan is roaring. Even the Eighth U.S. Army in South Korea considers that complex problems may arise with such collusion. The Japanese Defense Agency showed a cautious attitude, saying that the exchange of manpower may be feasible but that cooperation in terms of a military alliance would be impossible.

This notwithstanding, the South Korean puppets are unhesitatingly advocating the strengthening of military cooperation with Japan. They said they will stage a joint military exercise with Japan and will voluntarily allow Japanese Navy warships to call at South Korean ports. How detestable, traitorous, and reckless an act this is!

The South Korean puppets' intention is to forge military alliance relations with the Japanese militarist aggressive forces—our people's long-standing enemy—for the purpose of opposing fellow countrymen and dragging their aggressive armed forces into South Korea.

The traitorous South Korean bunch, not satisfied with the frenzy of war to attack us with the U.S. imperialists, after having turned South Korea into their colony, a military base, and a nuclear forward base, is now attempting to conspire with the Japanese militarists, who are engrossed with the ambition of reinvasion and of attacking us by lending their strength. Indeed, its act goes far beyond the crime of the five national traitors of 1905 [who participated in concluding the Korea-Japan protectorate treaty] and can never be forgiven.

It is now clear why the South Korean side did not accept at the North-South high-level talks our proposal that the North and the South jointly cope with the issue of Japan's liquidation of the past, its nuclear threat, and its dispatch of troops overseas.

While regarding its fellow countrymen—the partner of dialogue and reunification—as its enemy, the South Korean ruling bunch considers outside forces—forces who are sharpening the sword of aggression to bring calamity upon our people—as a friend.

The highest person in authority in South Korea is planning to visit Japan on 8 November. One should not overlook this.

South Korea's TONG-A ILBO noted that his trip overseas only three months before the expiration of his term of office can hardly win the people's consent, and wrote that one can hardly find the clear reason for holding summit talks with Japan. Our side may have to bear unnecessary burdens at the talks.

This notwithstanding, the South Korean ruler is going to visit Japan to hold summit talks. As Japan's TOKYO SHIMBUN predicted, the North Korean situation and the issue of suspicion on nuclear development will undoubtedly be discussed at the talks. His visit is designed to work out new stratagem against us.

At a time when it has become an urgent common national demand to watch and check Japan's becoming a big military power and accelerating nuclear armament, as well as its overseas aggression, the South Korean ruling bunch is advancing along the road of instigating the Japanese reactionaries' aggressive ambition and of strengthening military collusion with them. Indeed, the act of the South Korean ruling bunch directly damages our nation's vital interests and establishes new greater obstacles to the future of reunification. Its act also goes against the cause of peace in Asia and the world.

The foolish, traitorous pro-Japanese acts of the South Korean ruling bunch will only evoke indignation and denunciation by South Korean youth, students, and people, as well as all fellow countrymen.

The South Korean ruling bunch should clearly keep in mind the historical lesson that the traitors who betrayed the nation and the people in collusion with outside forces are doomed for misery. It should act with discretion and immediately stop maneuvers to intensify military collusion with Japan.

Cambodia's Sihanouk Continues Visit Activities

Kim Il-song Confers Award

SK0211153292 Pyongyang KCNA in English 1508 GMT 2 Nov 92

[Text] Pyongyang November 2 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea promulgated a decree of the Central People's Committee on awarding the title of Hero of the DPRK to His Royal Highness Samdech Norodom Sihanouk, head of state and president of the Supreme National Council of Cambodia.

The decree dated November 2 says:

Samdech Norodom Sihanouk, head of state and president of the Supreme National Council of Cambodia, is a prominent patriot and an anti-imperialist peace fighter produced by the Khmer nation.

His Royal Highness Samdech has devotedly worked for the freedom and independence and national prosperity of Cambodia and for peace and the common cause of mankind.

He has waged a vigorous struggle for the motherland and the nation with patriotism, independent position, indomitable will and optimistic belief in the future and made energetic activities to promote national reconciliation and unity in Cambodia and achieve the independent development of the country, pulling through storm and stress for a long period.

He has greatly contributed to steadily consolidating and developing the friendly and cooperative relations between the Korean and Cambodian peoples and actively supported the Korean people in the efforts to build socialism and reunify the country independently and peacefully.

The Central People's Committee of the DPRK awards the title of Hero of the DPRK and the Gold-Star Medal and the Order of the National Flag First Class to His Royal Highness Samdech Norodom Sihanouk, head of state and president of the Supreme National Council of Cambodia and a close friend of the Korean people, on his 70th birthday in high appreciation of his great exploits dedicated to his motherland and the noble cause of anti-imperialism and independence.

Kim Il-song Awards Madame Sihanouk

SK0311061592 Pyongyang KCNA in English 0434 GMT 3 Nov 92

[Text] Pyongyang November 3 (KCNA)—The great leader President Kim Il-song promulgated a decree of the Central People's Committee on awarding the Freedom and Independence Order 1st Class of the DPRK to Madame Princess Monique Sihanouk.

The decree dated November 2 says:

The Central People's Committee of the DPRK awards the Freedom and Independence Order 1st Class of the DPRK to Madame Princess Monique Sihanouk who has made energetic efforts for the independence, peace and national unity of Cambodia, invariably and actively helping his Royal Highness Samdech Norodom Sihanouk, head of state and chairman of the Supreme National Council of Cambodia, in his patriotic struggle as his closest friend and assistant, and positively supported the socialist construction in Korea and the cause of the independent and peaceful reunification of our country and greatly contributed to consolidating and developing the friendly and cooperative relations between the peoples of Korea and Cambodia.

Kim Il-song Hosts Banquet

SK0311122792 Pyongyang KCNA in English 1029 GMT 3 Nov 92

[Text] Pyongyang November 3 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea arranged a banquet at the Kumsusan Assembly Hall today on the Korea visit of His Royal Highness Samdech Norodom Sihanouk, head of state and president of the Supreme National Council of Cambodia, and on his 70th birthday.

When President Kim Il-song, conducting Samdech Norodom Sihanouk, appeared in the banquet hall amid the playing of the welcome music, all the participants warmly welcomed them with thunderous applause.

President Kim Il-song made a speech at the banquet.

Then followed a speech of H.R.H. Samdech Norodom Sihanouk.

Present on invitation there were Cambodian Deputy Prime Minister Kong Sam-ol, Vice Minister of Culture Princess Norodom Bophadevi, Prince Norodom Narindrapong and other suite members. Minister of People's Armed Forces O Chin-u, Vice President Yi Chong-ok, Premier of the Administration Council Yon Hyong-muk, Vice Premier and Foreign Minister Kim Yong-nam, Secretary of the C.C. [Central Committee] the Workers' Party of Korea Kye Ung-tae, and other cadres, and DPRK Ambassador to the SNC of Cambodia Kim Hyong-yol were present at the banquet.

The banquet proceeded in a cordial atmosphere overflowing with friendship.

Kim Il-song's Banquet Speech

CM0411155492 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 3 Nov 92

[Speech by DPRK President Kim Il-song at 3 November banquet honoring Prince Norodom Sihanouk, head of state and president of the Supreme National Council of Cambodia, held at Kumsusan Assembly Hall in Pyongyang; read by announcer]

[Text] Your Respected Royal Highness Norodom Sihanouk, Cambodian guests, comrades, and friends: First I warmly welcome the visit to our country by Respected Your Royal Highness Norodom Sihanouk, head of state and president of the Supreme National Council of Cambodia, and our close friend and brother.

On October 31 last you celebrated your 70th birthday in splendid style in Phnom Penh receiving the warm congratulations of the Cambodian people. Following this, you have now visited us like this with exceptional feelings to share the joy of your birthday with us, too. I think that this is the expression of the close friendship and confidence which Your Royal Highness samdech place in us and that this also clearly shows the unbreakable intimacy and faithfulness between us.

Availing myself of this place overflowing with an amicable atmosphere, I should like to offer once again my sincere and warm congratulations to you, esteemed Samdech Norodom Sihanouk, on your 70th birthday on behalf of the government of our Republic and the Korean people and also in my own name.

I also warmly congratulate you, esteemed Samdech Norodom Sihanouk, who has just been conferred the title of Hero of the Democratic People's Republic of Korea on your 70th birthday as well as Madame Monique Sihanouk who has been awarded the Freedom and Independence Order First Class.

On their birthday people usually look back upon their past life with deep emotions and retrospection. The path of life traversed by people is infinitely varied. However, I consider that the most valuable and worthy life for a social being is such a life when one devotes oneself to one's country and nation and fellow people cherishing the noble spirit of loving one's country and people and lives with an independent spirit and firm faith under whatever difficult conditions and circumstances.

As the outstanding patriot born of the Khmer and as the father of the Cambodian people, you, esteemed Samdech Norodom Sihanouk, have devoted all your life for the freedom and independence of Cambodia and for the prosperity of your nation.

You, samdech, have long since firmly maintained a patriotic and independent stand and made every possible effort for the resurrection of your nation and for the independent development of your country.

You, samdech, carried out energetic activities with a strong will and faith despite having gone through many turns and twists and hardships at home and abroad for a long time and have at last opened the moment for a new turn in the accomplishment of the patriotic cause for a free, peaceful and prosperous Cambodia. Since your return to your beloved homeland in November last year in Cambodia the transition to peace and the process of national reconciliation are showing progress, and the work for the rehabilitation of your country is going on briskly.

You, samdech, are enjoying deep confidence and respect from all the Cambodian people for the exploits you have performed for your country and people.

We firmly believe that under the leadership of the Supreme National Council of Cambodia headed by you, samdech, all parties will unite and build without fail a new Cambodia, which is united, sovereign and independent, neutral and peaceful.

As a pre-eminent politician, you, esteemed samdech, have rendered a great service to strengthening and developing the Non-Aligned Movement and to the common cause of mankind for world peace.

Our people remember your great contribution to the friendship between Korea and Cambodia. You are not only the vanguard who has opened up the path of friendship between the Korean and Cambodian people but also an active supporter for and sympathizer with the just cause of our people. The activities of you, samdech, related to the problem of Korea's reunification have always been an important part of your political activities. We are grateful to your royal highness samdech for your activities which you have carried on at many international forums, including the recent 10th summit conference of the non-aligned states, in support of our just stand for the independent and peaceful reunification of the country.

In the future, too, we will cooperate with you for the common cause of independence, sovereignty and the building of a new society, and make every possible effort for peace in Asia and for the common prosperity of mankind.

Your Respected Royal Highness: today the world situation is complicated and many changes are taking place in the international relations. However, our friendly relations are invariable and they are being consolidated still more with the passage of time.

I am proud of the fact that we have bloomed our fraternal friendship always supporting and encouraging each other at all times of joy and hardship, and feel happy to have a true friend like you.

The current visit to our country by you, samdech, will be an important occasion for further deepening the friendly relations between us and will greatly contribute to extending and developing still further the traditional relations of friendship and cooperation between our two peoples.

Availing myself of this place filled with a warm brotherly friendship and joy of our reunion, I propose a toast to a long and healthy life for Your Royal Highness Norodom Sihanouk, head of state and president of the Supreme National Council of Cambodia, who marks his 70th birthday, to the health of Madame Monique Sihanouk, to the happiness of Your Royal Highness family members, to the health of Cambodian guests, and to the health of comrades and friends who are present at this banquet.

Sihanouk's Banquet Speech

SK0311122892 Pyongyang KCNA in English 1049 GMT 3 Nov 92

[Text] Pyongyang November 3 (KCNA)—His Royal Highness Samdech Norodom Sihanouk, head of state and president of the Supreme National Council of Cambodia, made a speech at the banquet arranged by President Kim Il-song of the Democratic People's Republic of Korea at the Kumsusan Assembly Hall today.

Saying that President Kim Il-song did him greatest honor on the occasion of his 70th birthday, the samdech noted:

Your Excellency, my greatest and incomparable benefactor, bestowed upon me the supreme honor to be your real brother, close companion in the anti-imperialist struggle.

I cannot find proper words to fully express my most profound and sincere sentiments of infinite and eternal gratitude to your august, venerated and beloved person, and my most intensive admiration for your so heroic, brilliant and vicitorious struggle for the liberation and defense of your country and the Korean people, for your immortal work for the construction of socialism based on chuche in turning people's democratic Korea into a most advanced, very developed and invincible great power.

Your whole life entirely dedicated to your country and your people from the early age is recorded in the history of the most great persons of the world which has you as the veritable sun.

In this regard, your reminiscences "With the Century," part 1 and 2, has been welcomed with enthusiasm and deep admiration by all the people of the world in that you are the symbol of inestimable lesson of patriotism, courage, fairness, and perseverance on the just road of socialism, in the indomitable resistance against all forms of injustice and oppression.

Also in the future, as in the past and at present, I will continue to bend my maximum efforts always to defend the just cause of the Korean people, in particular the cause of the independent reunification of Korea and propagandize worldwide your titanic and immortal work and your inestimable idea of chuche, the beacon which has victoriously indicated the road which is aspired after by the progressive and anti-imperialist peoples of the world.

The peoples, especially the Cambodian people, regard Your Excellency Generalissimo Kim Il-song, the great leader, as the greatest hero and the sun of humanity, and admire and support with fervor His Excellency Marshal Kim Chong-il, the dear leader of the Korean people, who is building most modern, super-developed, invincible country, Korea where people enjoy dignity, freedom, immense happiness and prosperity.

The marvelous news of my elevation by Your Excellency to the Hero of the Democratic People's Republic of Korea gives overflowing joy and pride to the Cambodian people who for a long period have had with the valiant Korean people the indestructible ties of friendship, fraternity and solidarity.

Feeling extreme pride in this supreme honor which Your Excellency had the extreme generosity to accord me and always considering the most glorious DPRK as my beloved second motherland, I am afraid I do not fully deserve this honor.

But I will always make all my efforts to repay your noble confidence better.

My country, Cambodia, of which I am the supreme leader, will not have any relations with the "Seoul regime." Because, for me and for my anti-imperialist compatriots, only the DPRK led by Generalissimo Kim Il-song and Marshal Kim Chong-il legally represents the Korean people and the Korean nation and symbolizes the independence and sovereignty of Korea.

Cambodia will always stand on your side and always support all your most sagacious and supremely patriotic propositions, for the independent reunification of Korea, Koryo.

Choe Kwang, Military Delegation Visit Syria

SK0211133592 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 1 Nov 92

[Text] The DPRK military delegation led by Comrade Choe Kwang, member of the Political Bureau of the Workers Party of Korea Central Committee and chief of the General Staff of the Korean People's Army, arrived in Damascus on 29 October to visit Syria.

The delegation was met by the chief of the General Staff of the Syrian Arabic Army, the deputy chief of the General Staff of the Syrian Arabic Army, the commander of the Syrian Air Forces, and other figures concerned. Our country's charge d'affaires to Syria and military attache were on hand at the airport.

Reunification Group Condemns South Security Body

SK3110155092 Pyongyang Korean Central Broadcasting Network in Korean 1100 GMT 31 Oct 92

["Press statement" by spokesman of the Committee for the Peaceful Reunification of the Fatherland, issued in Pyongyang on 31 October—read by announcer]

[Text] New factual materials have been recently exposed, proving that the Agency for National Security Planning [NSP] in South Korea—the general headquarters of intelligence stratagem—committed various crimes by interfering in the North-South dialogue. As a result, the issue of participation of NSP agents in North-South dialogue has been raised as a serious political problem.

In a session of the South Korean National Assembly Foreign Affairs and Reunification Committee held some time ago to examine state affairs, assemblymen from opposition parties called the NSP to task for having been deeply involved in North-South dialogue. In particular, they unanimously maintained that Yi Tong-pok, who acted as spokesman of the South side to the North-South high-level talks under the disguised title of special assistant to the prime minister although he was actually the special assistant to the director of the NSP, must be excluded from the delegation.

We recognize this as an exceedingly just event, although it is a little too late.

From the outset, the NSP is an organization of intelligence stratagem which came into being with missions to instigate confrontation and to research division, not reconciliation or reunification, in North-South relations.

Since its formation until now, the NSP has worked out various smear and slanderous incidents instigating North-South confrontation and directed all its strength to repressing democratic reunification forces in South Korea.

In particular, since North-South dialogue began, the NSP has interfered in this without fail by acting as the master, and has hindered progress in dialogue both openly and behind-the-scenes. The NSP put the brakes in every way on agreements reached between the North and the South so that they cannot be implemented.

Dialogue was held for the first time between the North and the South 20 years ago, and the 4 July joint statement was adopted with the three principles of independence, peaceful reunification, and great national unity as its basic content. The very ringleader, however, who worked out the Yusin regime—a new confrontational political system—was the then [Korean] Central Intelligence Agency who as soon as they turned around after sealing this statement basically infringed upon the three-point principles for national reunification. The one who got involved and interfered in every dialogue, including the North-South Red Cross talks, and established artificial obstacles was none other than the NSP in South

Korea apart from isolated instances. When the eighth North-South high-level talks were held in Pyongyang last September and an agreement was reached between premiers of both sides on the repatriation of old man Yi In-mo as well as on the establishment of a meeting hall in Panmunjom for separated families, the very ringleaders who interfered in these issues and aborted them were none other than NSP agents.

At that time, the premiers of both sides promised that the North and the South would establish a meeting hall in Panmunjom for separated families and that old man Yi In-mo, former war correspondent of the Korean People's Army, would be repatriated.

However, Yi Tong-pok, spokesman of the South side delegation who was a special assistant to the director of the NSP, hindered working-level discussions of these issues through his arrogant actions and said that he would send a reply after returning to Seoul. Appearing at the contact between delegates to high-level talks which were held thereafter, he even lied by saying no agreement was reached between the premiers of both sides. He thus blocked the final settlement of repatriating old man Yi In-mo and of establishing a meeting hall for separated families.

This man, who was merely a special assistant to a minister, discarded like worn-out shoes the promise made by his side's prime minister, who was the senior member to the high-level talks. The assistant carried the matters in a high-handed manner. Viewing this, it is not difficult to guess who is controlling South Korean political affairs.

The reunion of separated families and relatives at Panmunjom and the settlement of the issue of old man Yi In-mo's repatriation—which could be fully possible this year—have not been realized yet. This is because the NSP has interfered in it. This is, first of all, because the special assistant to the NSP director has played a key role as the plot's ringleader.

In the whole course of the high-level talks, the Political Subcommittee meeting has been much lesser developed than other subcommittees. At the same time, the North-South Joint Reconciliation Committee was formed long after the formation of the North-South Joint Military, Economic, Social, Cultural, and Cooperation and Exchanges Committees. This is doubtlessly caused by an act of the special assistant to the NSP director, who is occupying the post as the South side's political subcommittee chairman. This is a well-known fact.

NSP agents have interfered in and blocked the improvement of North-South dialogue and relations—not only the special assistant to the NSP director himself, but many other agents have interfered.

In various South Korean delegations, there are many people who are identified as so-called special assistants or aides to someone. All of them without exception are NSP agents.

We know that since the first day of the North-South dialogue, the NSP has interfered in the dialogue work. We also know that the NSP has blocked the improvement of the dialogue and the realization of the agreement reached between the North and South. We have on many occasions stated our principled position on this issue during past dialogues.

Yi Tong-pok, in his answers to the recent National Assembly inspection, from his self-centered angle said: The North is aware that I am a special assistant to the NSP director, but it does not make it an issue. Because this does not need to be an issue.

We cannot but express our surprise at such remarks. All these facts prove that the NSP has not only dominated the Ministry of Unification, which manages dialogue in South Korea, but also manages parliamentarians in its own way.

The era has already passed in which the NSP can do everything except for changing men into women. Furthermore, if the NSP thinks that it can tramp underfoot the contents of the North-South agreement in its own way, and if it thinks it can destroy our fellow countrymen's aspiration for reunification, then this would be a big miscalculation. All fellow countrymen in the North, the South, and abroad, even the world's people, will not forgive it any more.

The NSP is a hangout of those who smear in South Korea. It is also identified with torture and slaughter in South Korea. Thereby, the NSP should be immediately dissolved. Only when the NSP is dissolved can the South Korean people live without worry. Likewise, only when the NSP does not interfere in the North-South dialogue can the dialogue for reunification be smoothly carried out in conformity with the aspiration and desire of the nation. In addition, only then can all contents of the agreements reached between the North and South be successfully implemented.

Availing ourselves of this opportunity, we sincerely expect that people from all walks of life and various public figures in South Korea, who value North-South dialogue, will further raise their voices to dissolve the NSP, which is always blocking North-South dialogue and is creating obstacles on the road of improving North-South relations. As a result, they can devote themselves to promoting the development of North-South dialogue and the implementation of the North-South agreement.

South Korea

Reactions to Clinton Victory in U.S. Election

No Tae-u Sends Messages to Clinton, Bush

SK0411072692 Seoul YONHAP in English 0707 GMT 4 Nov 92

[Text] Seoul, Nov. 4 (YONHAP)—South Korean President No Tae-u sent messages to the victor and the vanquished in the U.S. presidential election Wednesday.

He congratulated Bill Clinton on winning election as the 42nd president of the United States.

"While following the current presidential elections, I was reassured that the United States was, indeed, the land of opportunity. The emergence of a young governor, in his 40s, as the new leader of the great nation testifies it," the message to Clinton said.

It said that the world had seen the unfolding of dramatic changes, including the disintegration of the Soviet Union, and market economy was increasingly becoming the universal value.

"I believe the leadership of the United States is as necessary as ever to preserve peace and to enhance democracy and market economy all over the world."

No noted that Korea and the United States have been close allies for decades and Korea has grown into a full-fledged member of the democratic world thanks to the staunch support of the United States.

"Entering a new era, the Korean people are prepared to strive not only for the peace and reunification of the Korean peninsula but for the stability and prosperity of the Northeast Asian region on the whole," No said.

"The Korean people look forward to the continuing support of the American people."

No told President George Bush of his deep regret at his failure in the election.

"While you will have stepped down as President at the end of the current term, I believe, what you have achieved during your presidency would remain an important chapter in the world history," No said.

"All Koreans, myself included, think that Korea's development today owes much to the staunch support of the United States, and particularly to the concern and affection you have rendered to us."

Foreign Ministry Welcomes Clinton Victory

SK0411063992 Seoul YONHAP in English 0625 GMT 4 Nov 92

[Text] Seoul, Nov. 4 (OANA-YONHAP)—South Korea welcomed Bill Clinton's victory in the U.S. presidential election Wednesday and said that it hoped friendly Seoul-Washington relations will grow stronger under his leadership.

"Our government sincerely congratulates Mr. Clinton who was chosen by the American people," a Foreign Ministry statement said.

"We believe that Washington's policy toward the Korean peninsula will remain unchanged and that the past friendly relations will grow stronger based on partnerships in diplomacy, security, economy, trade, culture and other fields," it said.

Seoul expects the United States to continue with its role in promoting world peace and prosperity under Clinton's leadership, the statement said.

Foreign Ministry Sees No Policy Changes

SK0411022292 Seoul YONHAP in English 0210 GMT 4 Nov 92

[Text] Seoul, Nov. 4 (YONHAP)—South Korea anticipates that its friendly, cooperative bilateral relations with the United States will continue if Bill Clinton is elected president.

"We do not expect any change in U.S. policies toward South Korea when Bill Clinton is elected president," a Foreign Ministry official said Wednesday.

The Foreign Ministry response to Clinton's victory was much different to its earlier forecast of a "drastic U.S. troop cut" and trade pressure if a Democratic president sat in the White House.

The prediction was released inadvertently in a ministry report to the National Assembly and caused much alarm here. The word is that the ministry was hauled over the coals for its "dangerous" predictions and toned down its analysis.

—The North American Affairs Division at the Foreign Ministry pulled all-nighters for the past few days preparing internal and external reports on all possible scenarios of U.S. presidential election.

The ministry was still hush-hush about its analysis on the impact of the U.S. administration change on South Korea, preparing separate reports for reporters and internal circulation.

Officials reportedly prepared three different sets of reports, one for the media, one for Foreign Ministry officials, and another that was to be distributed to higher-level officials.

Trade Ministry Fears Negative Changes

SK0411071992 Seoul YONHAP in English 0629 GMT 4 Nov 92

[By reporter Pak Se-chin]

[Text] Seoul, Nov. 4 (YONHAP)—Bill Clinton will probably bring enormous changes to Korea-U.S. economic relations because he will exert heavy market-opening pressure on U.S. trading partners, according to a white paper issued Wednesday by the Trade and Industry Ministry.

The white paper on the impact of Clinton's economic policies is based on a study by the Korea Institute for International Economic Policy and other research institutes.

Clinton supports the successful conclusion of the Uruguay Round trade talks in principle but he has avoided concrete discussion, so he might delay completion of the talks.

He sympathizes with the basic ideas of the North America Free Trade Agreement but says he will alter the treaty because it would increase unemployment in the United States and worsen environmental problems.

The Arkansas governor believes bilateral trade relations are important and will take a tough posture against allegedly unfair trade practices by foreign countries.

Clinton is calling for the strengthening of Article 301 of the U.S. Trade Act, harsh action on the Japanese economic offensive and the repeal of most-favored nation status for China on account of its human rights situation.

He has in mind the setup of a presidential economic security council, the restructuring of the U.S. Trade Representative and the reinforcement of embassy roles in trade cooperation.

The Democratic president is likely to step up tax auditing and hike taxes for foreign companies in the United States. As a result, Korean businesses are sure to suffer, officials here say.

With self-styled environmentalist Albert Gore as vice president, he will take stern steps against automobile emissions and so harm Korean exports.

The Lucky-Goldstar Economic Research Institute claims trade friction will increase, centering on the opening of the financial sector, communications equipment, government procurement, protection of intellectual property rights, investment, distribution and agriculture.

Clinton was born in Arkansas, which grows more grain than any other state, and so is likely to pressure Korea to ease its ban on rice imports.

His government may try to get Korea to hasten the proposed opening of its financial market, especially calling for liberalization of interest rates, securities market opening and deregulation of foreign exchange rates.

The communications equipment sector can't escape the maelstrom either. The new leaders in the White House will probably coerce Korea into opening its information and communication service markets.

Morever, Korea is on the priority negotiation country list under U.S. Trade Act 88 in the communications field, which will provide strong retaliatory measures if Super 301 is resuscitated.

Korea, on the priority watch list in the field of preservation of intellectual property rights, will face even heavier trade pressure and retaliatory steps as Americans think copycats abound here.

The United States will urge Korea to pass laws on patents for pharmaceutical products and production of semiconductors.

As for the distribution market, Clinton is expected to call on Korea to open the book and cosmetics retail markets, excluded from the first- and second-phase market opening process.

The nation is sure to sweat in rice market opening talks with the United States because U.S. rice growers will do their best to enter Korea with the backing of the new president.

Major exports such as color television sets, semiconductors and steel are likely to be slapped with high dumping rates as some are already suffering anti-dumping charges.

The U.S. Government will not only intensify the quotas for textile exports, restraining further the lagging Korean textile industry, but also take issue with inter-Korean trade as they are non-tariff deals, officials here warn.

A pending act on the restriction of subsidies for shipbuilding is likely to be approved by the U.S. Congress under influence from Clintonomics, which preach tit for tat in international trade.

The act requires, among other things, that the U.S. Government tax ships of subsidising countries when they enter a U.S. port.

A Finance Ministry official says Clinton is not 100-percent protectionist, but he is likely to resort to stronger means to protect U.S. industry based on the principles of free trade than the Bush administration has done.

Government Readying for New Administration

SK0411051392 Seoul YONHAP in English 0458 GMT 4 Nov 92

[Text] Seoul, Nov. 4 (OANA-YONHAP)—South Korea began preparing Wednesday for a new U.S. administration under Bill Clinton, and the required adjustment to a new set of economic, political and security relations.

An inter-ministerial meeting was due soon to seek steps to get the Clinton administration to reflect Seoul's position in its policymaking, officials said Wednesday.

"The new president announces his policies within 100 days after taking office. We cannot reveal in detail our actions for diplomatic reasons, but we have plans to contact U.S. officials before the announcements and explain South Korea's position," a Foreign Ministry official said.

A team will soon be launched for the administrative handover to Clinton, and Seoul will put priority in contacting the team members, he said.

Seoul does not predict any drastic changes in security or economic relations, but does anticipate Clinton to demand heavier military burdensharing on host countries.

The new president is likely to promote U.S. interest in trade issues, seeking wider foreign market openings including South Korea to create more jobs at home.

While preaching principle of open, free trade, Clinton may be more willing to take punitive measures such as Super 301 against non-opening countries.

Government, Parties Study Impact

SK0411120892 Seoul YONHAP in English 1122 GMT 4 Nov 92

[Text] Seoul, Nov. 4 (YONHAP)—The administration and major political parties were carefully studying Wednesday the impact Bill Clinton's election in the U.S. may have on the U.S. policy toward Korea as well as on Korea's presidental elections next month.

At Chongwadae, Kim Chong-hwi, senior secretary for foreign policy and national security, said there would be no change in the U.S.'s security commitment to Korea even under the Clinton administration.

Kim said the [U.S.] Democratic Party supports the continued presence of American forces in Korea as was showed in the party's policy platform adopted during the last July party convention, which said in part that the U.S. Forces should continue to be kept in Korea as long as threats from the North persist.

"This policy is substantially same as President George Bush's statement that U.S. Forces would be stationed in Korea as long as such a need exists in terms of security and Korea so wishes," Kim said.

The senior presidential aide pointed to Clinton's remarks made in a satellite interview on last Aug. 29 to the effect that "North Korea is one of the most intransigent regimes in the world and he was much concerned about safeguarding South Korea from North Korea that keeps developing mass destruction weapons."

In trade, too, any new protective trade policy of the United States would be targeted more against Japan and China than Korea because Korea maintains trade balance with the U.S. in the recent years.

A Chongwadae official said Bill Clinton paid a courtesy call on President No Tae-u during his visit to Korea in September 1988 as Arkansan governor, and sent a message to President No last June 18, in which he made the president as honorary ambassador of Arkansas and honorary citizen of Little Rock.

—A senior Foreign Ministry official said Bill Clinton's election would bring about no substantial change in the U.S. policy toward Korea.

"We believe that under his administration, too, the amicable and close cooperative relations will continue to be developed between our two countries," he said.

He observed that the Clinton administration is likely to concentrate more on domestic issues than on foreign programs, which he said suggests there would be no substantial change in the U.S. policy toward Korea.

Even if the U.S. raises a human rights issue, there would be no particular problem so far as Korea is concerned because Korea's human rights situation has improved much under the No administration, the official said.

—The Democratic Liberal Party [DLP] seemed concerned if the ruling party's defeat in the U.S. Presidential election won't have an adverse effect on the ex-ruling party in the upcoming presidential election, though it ostensibly feigned indifference saying "if anyone believes the American election would affect the upcoming election, it would be a flunkeyistic view."

DLP spokesman Park Hui-tae said, "Whoever was elected in the American election, we welcome it as a great choice of the American people."

Rep. Choe Pyong-yol of the party said it appears the U.S.'s diplomatic pressure to Korea would increase under a Democratic administration. "But, it is infeasible that Clinton's election would affect our upcoming election," Choe said.

However, some DLP sectors feared if the U.S. ruling party's defeat won't stir Korean voters' sentiments for a change in favor of the opposition National [officially renamed United People's Party] and Democratic Parties.

—The Democratic Party believes that even if Clinton's election won't have a substantial impact on the upcoming Korean election, it may have an incidental effect as Clinton's campaign policy was in line with the party's election strategy emphasizing "change."

Party co-head Kim Tae-chung said, "The American election featured that a large number of youths took part in voting to contribute to Clinton's victory. This meant that American voters, fed up with the 12 years of the Republican regime, wanted a change."

He said President Bush failed to get re-elected despite his shiny foreign policy achievements due largely to the failure of economic policies.

Party spokesman Hong Sa-tok said that since Kim Tae-chung maintains quite a close conduit with the Clinton camp, smooth trade relations could be maintained with the U.S. once Kim Tae-chung gets elected.

—The view of the National Party was that the Democratic Party's victory in the American election would have a favorable effect on Chong Chu-yong's election strategy.

Chong told reporters that American voters chose a change. "I believe such a trend toward change would affect our coming election in one way or another," he said.

He said his prediction that Bush would lose because he failed in economy, turned out to be true.

"A Clinton administration would promote a rigid trade policy toward Japan, but we have nothing to worry because our trade with the U.S. has lately registered deficits," Chong said.

Parties Welcome Clinton Victory

SK0411034392 Seoul YONHAP in English 0304 GMT 4 Nov 92

[Text] Seoul, Nov. 4 (YONHAP)—South Korean political parties released Wednesday official comments on the U.S. election returns, calling for a new government to be led by Bill Clinton to work for continued improvement of ties between Korea and the United States.

Pak Hui-tae, spokesman for the majority Democratic Liberal Party, welcomed the "great choice of the American citizens" and said his party anticipated that the new U.S. President would contribute to world peace and co-prosperity of all races.

He said his party hoped to see Clinton make an effort to further cement Korea-U.S. ties based on their traditional friendship.

Hong Sa-tok, spokesman for the Democratic Party, said his party would seek to promote supra-partisan discussion on ways to resolve the impact of the power shift in Washington on Korea-U.S. relations.

He said the Democratic Party would make an effort to prevent U.S. trade protectionism and the international disarmament move from afflicting Korea with the help of "many people close to Kim Tae-chung" in the U.S. Democratic Party.

Pyon Chong-il, spokesman for the United People's Party, said Clinton's election was the choice of people "wanting to see changes and economic recovery."

"We expect a new type of Korea-U.S. relationship to unfold with Clinton's victory," he said.

Kim Yong-sam Congratulates Clinton

SK0411080592 Seoul YONHAP in English 0750 GMT 4 Nov 92

[Text] Seoul, Nov. 4 (YONHAP)—Kim Yong-sam, president of the Democratic Liberal Party, sent Bill Clinton a telegram Wednesday to congratulate the Arkansas governor on winning the U.S. presidential election.

Kim said he, as a person who had been trying to create a new Korea, shared deep sympathy for Clinton's pursuit of a new America through changes and reform.

Kim, who is also running for president with the ticket of the largest party in South Korea, said he hoped he and Clinton could work together in the future to enhance bilateral friendship and common prosperity.

Kim Tae-chung Congratulates Clinton

SK0411033292 Seoul YONHAP in English 0314 GMT 4 Nov 92

[Text] Pyongtaek, South Korea, Nov. 4 (YONHAP)—Kim Tae-chung, co-chairman of the Democratic Party, congratulated Bill Clinton on his victory in the U.S. presidential election Wednesday and said he will send a party delegation to Washington.

Kim, a candidate in Korea's December election, told reporters that Clinton's win gave momentum for a new cooperative epoch between Korea and the United States that would greatly support the democratic development of Korea.

He said the delegation will discuss security matters and economic cooperation between the two countries with the U.S. Democratic Party.

Kim, in a congratulatory telegram sent to Clinton Wednesday, said he and his supporters in Korea were conveying to the American people "hearty congratulations for having wisely decided to accept the courage for change."

He noted in the message that the U.S. presidential election this time had been a subject of "special interest" in Korea due to "high historic similarities in the presidential elections in our two countries."

He said he was advocating changes in Korea as Clinton has done in the United States, adding, "the key policy priorities of my party concern our deeply troubled economy, sorely needed democratic reforms after three decades of extremely distorted and abnormal politics, and achieving grand harmony and reconciliation among our divided people."

Envoy to U.S. Predicts No Change in Ties

SK0411075292 Seoul YONHAP in English 0722 GMT 4 Oct 92

[Text] Washington, Nov. 4 (YONHAP)—South Korean Ambassador Hyon Hong-chu said Tuesday there was no reason for the United States and South Korea to change their traditional relations because of a change in the U.S. Government.

Commenting on the election of Bill Clinton as the 42nd President of the United States, Hyon said a mounting dissatisfaction of the American people over the state of their economy was a decisive factor behind the Arkansas governor's success.

Although there is a body of opinion concerned with a possible acceleration in the pace of the troop pullout, Hyon noted that the current withdrawal plan was a bi-partisan policy worked out by the Republican administration with the Democratic-controlled Congress.

The troop withdrawal plan would not change just because the Democratic Party was going to take over the administration, he said.

Hyon discounted speculation that with Bill Clinton in the White House trade friction between South Korea and the United States will get much worse. Even if the Republican Party had won the election, U.S. pressure on its trade partners would have been intensified, he said.

As for U.S. relations with North Korea, Hyon predicted they will get worse, if anything, since the Democrats traditionally place a lot of weight on human rights in their foreign policy.

Recalling South Korea's uneasy relationship with the Democratic administration of President Jimmy Carter, Hyon said circumstances both in the United States and South Korea had changed a great deal.

South Korea no longer entirely depends on the United States for its security and trade. U.S. concerns over authoritarianism and human rights abuses in South Korea are things of the past.

There was no reason, therefore, for the two countries to change the basis of their relations, Hyon said.

YONHAP Analyzes Possible Changes

SK0411062692 Seoul YONHAP in English 0554 GMT 4 Nov 92

[YONHAP "analysis" by Yi Tong-min: "Clinton Brings Messages of Possible Changes in Korea-U.S. Ties"]

[Text] Seoul, Nov. 4 (OANA-YONHAP)—Bill Clinton's emphasis on American interest carries numerous possibilities of change in Seoul-Washington relations.

The changes will not be from the difference between Republicans and Democrats but from the call of the American public for revitalization of the U.S. economy and more interest in domestic issues.

South Korean officials say they do not expect dramatic changes in security or economic relations with the United States, but Clinton's message is clear—he wants to cut military spending, wants host nations to bear more burden for U.S. troop stationing, expects all countries to lower their trade barriers and plans to bring back Super 301 to use against countries engaging in "unfair" trading practices.

And all these messages are applicable to Korea.

Clinton plans to substantially reduce U.S. military forces and calls on allies to shoulder more of the defense burden. His five-year defense plan envisions saving more than 100 billion U.S. dollars through 1997 compared to President George Bush's 60 billion dollar reduction plan.

Seoul claims most of the American troop reduction would take place in Europe. Korea and the United States agreed to freeze a 6,000-troop second-phase scaleback (1993-1995) of the East Asia Strategic Initiative (EASI), and the promise is still valid, officials here say.

Clinton said in July that he will keep U.S. forces in Northeast Asia as long as North Korea presents a threat to South Korea.

Korea already agreed to pay one-third of won-based cost for U.S. troop maintenance by 1995, and this agreement, too, is still valid, officials say.

But the Democrats have consistently called for U.S. forces to be cut back around the world including Northeast Asia, and unlike the Republican Bush, who often vetoed bills sent to him by the Democrat-dominated congress, the new President may not exercise his veto power that often.

The bet here is that Clinton will not change the U.S. security commitment to South Korea because of the North Korean nuclear threat. He is all for strengthening surprise inspection regimes by the International Atomic Energy Agency and enforcement of the missile technology control regime, both of which make North Korea a target.

The bet is also that the new President will not rush ahead in dealing with North Korea.

"One thing we appreciate about Clinton is that he wholeheartedly supports the principle that inter-Korean issues must be solved through dialogue between South and North Korea," one official said.

"There are speculations that he would accept a proposal for Seoul-Pyongyang-Washington tripartite talks by progressive Democrats, but we believe otherwise because of his commitment to this principle," he said.

Given his emphasis on human rights issues, which is strong enough to oppose extension of most-favored-nation status to China, Clinton is unlikely to try anything new with Pyongyang, officials here say.

Trade is another matter.

Clinton is dubbed a "trade activist" as opposed to a trade protectionist. In other words, he is not for raising U.S. trade barriers toward other countries but for free and open trade by lowering the barriers of other nations.

He won the election by championing economic recovery. He lashed out at Bush for focusing solely on diplomatic issues and pledged that he would establish an "economic security council" similar to the National Security Council to launch active trade diplomacy.

Democrats sent a bill through Congress to revive the Super 301 trade law, which provides means to retaliate against countries engaging in unfair practices. Bush vetoed the bill, but Clinton is certain to bring it back.

"If, and it's a big if, the Uruguay Round negotiations are not concluded by February before Bush leaves the White House, Clinton may wave his Super 301 for punitive actions at bilateral level," a trade official said.

There are still some major pending economic issues, such as intellectual property rights protection and finance and investment market opening that Seoul will have to tackle with the new U.S. Administration.

"The worst thing that can happen to us is to be struck by Super 301," the trade official said.

Korea hopes to take the first step in getting the Clinton administration familiarized with Seoul's interests. Seoul will seek broad contacts with Clinton's team preparing for transfer of the administration and try to register its positions before Clinton announces major policies during his first 100 days in office.

"We have been contacting Democrat congressmen from the past, and it will hopefully prove fruitful now," a Foreign Ministry official said.

No 'Drastic' Changes Foreseen

SK0411071092 Seoul YONHAP in English 0637 GMT 4 Nov 92

[By YONHAP News Agency: "Korea's Ties With U.S. Will Not Undergo Big Change Under Clinton"]

[Text] Washington, Nov. 4 (YONHAP)—South Korea's relations with the United States will not undergo drastic changes under the first Democratic President in 12 years.

But unlike the Republican Party, under which Seoul has enjoyed relatively stable ties with Washington, the administration of Bill Clinton could bring considerable changes, especially in the areas of security and bilateral trade.

Most analysts agree, however, South Korea will not experience the kind of "uncomfortable relations" it had to endure during the administration of President Jimmy Carter. Most of the elements that caused frictions between the two traditional allies at that time have been removed, they say.

Upon his arrival in the White House, Carter announced that the United States would withdraw U.S. troops from South Korea, creating grave concern for the nation's security among South Korean leaders as well as ordinary citizens. The Carter administration also pressed President Pak Chong-hui's government hard on the human rights issue.

During his campaign, Clinton repeatedly said he was not an isolationist but an internationalist, and that even if the cold war had ended the world was by no means at peace. He has pointed to Iraq and North Korea as likely trouble spots in the immediate future.

Many observers believe there will not be any large scale troop withdrawal from South Korea since the Democratic Party's election platform specifically mentioned the need for maintaining U.S. troops in Korea as long as a North Korean military threat existed.

Incidentally, there was no reference to the Korea problem in the 1988 Democratic Party platform.

Nevertheless, Clinton, representing the relatively progressive Democratic Party, could widen the scope of U.S. troop withdrawals from South Korea and increase pressure on major trade partners, including South Korea, demanding restraints on their exports to the United States and open markets for U.S. products.

Clinton is said to be committed to cut defense outlays and there is a strong possibility that his administration would pull out little more than 6,000 troops set in the second stage of a troop withdrawal program for the East Asia region.

As the scope of troop withdrawal gets bigger, there is the likelihood of U.S. pressure on South Korea to shoulder more expenses for the maintenance of U.S. forces in the country.

In trade relations, the Clinton administration may not resort to protectionism immediately but chances are great for the United States to shrink from external trade. And the tendency would be heightened as the Democratic Party continues to control the legislative branch of government as well.

Until now, the Democratic-controlled Congress has been tough on U.S. trade partners, but President George Bush served as a kind of buffer, shutting out the strong protectionist sentiment of the Congress with his veto power and other administrative policies.

With Clinton in the White House, foreign trader partners, especially those who have invested in the United States, will experience tough sailing. For a starter, the Democratic Party has already promised to increase taxes on foreign-owned enterprises in the United States.

Under Clinton, who came out of the rice farming state of Arkansas, the United States is expected to put more pressure on South Korea and other countries to open their markets to American rice.

With regard to North Korea, the Clinton administration will continue a strong policy against possible development of nuclear weapons by the communist regime in Pyongyang. The Democratic Party platform clearly stated that it opposes the proliferation of nuclear, chemical and other weapons of mass destruction.

In order to provide a breakthrough on the deadlocked nuclear issue, the new U.S. Government could show more flexibility to North Korea if Pyongyang takes a fresh approach for the improvement of relations with Washington.

As for human rights issues, the United States will increase its pressure on the regimes regarded as major rights abusers such as Cuba, China and North Korea.

All in all, however, it is premature to predict foreign policy in detail before the new President has named his secretary of state, foreign policy advisers and other policy-making staff.

U.S. Begins Semiconductor Dumping Probe

SK0411073792 Seoul YONHAP in English 0702 GMT 4 Nov 92

[Text] Chongju, South Korea, Nov. 4 (YONHAP)—U.S. Commerce Department officials arrived in Chongju Tuesday for a dumping inspection of semiconductors made by the Goldstar Electron Co.

After spending four days in the Goldstar plant, the team is to visit the semiconductor assembly lines of Samsung Electronics Co. and Hyundai Electronics Co. until Nov. 21 and check their product costs.

Goldstar was slapped with a dumping margin of 52.41 percent for its DRAM (dynamic random access memory) chips in a preliminary dumping ruling on Oct. 21. Samsung and Hyundai were saddled with margins of 87.4 percent and 5.99 percent, respectively.

Korea exported 1.4 billion U.S. dollars worth of 1 and 4 mega- DRAMs last year, of which 610 million dollars worth were sold to the United States.

* NAFTA Seen as 'New Shock' to World Economy

932C0005A Seoul SINDONG-A in Korean Oct pp 154-163

[By Seoul National University Prof. Pak U-hui: "North American Economic Integration: A Red Signal on ROK Export Front"]

[Text] The North American Free Trade Agreement (NAFTA), uniting the North American region with its 365-million population and the $1.2-trillion trade into a single economic zone, looms as a new shock to the world economy.

The agreement has yet to be ratified by the parliaments of the three countries before it officially goes into effect. Nevertheless, the NAFTA is already recognized as a reality in that the 18 months of negotiations by the United States, Canada and Mexico laid down its basic framework. Especially, for exports to North America from the Asian zone including such major exporter nations as Korea, Japan, and Taiwan and from the European zone, it presents an outlook of serious change, drawing attention to future developments.

The NAFTA is most characteristic in that it is to bring U.S. capital and Canada's resources to combine with Mexico's cheap labor. The pact is aimed at combining the U.S. service and high-tech industries, Canada's resource-related industries and Mexico's labor-intensive industries to upgrade the industrial structures of the three countries. This is viewed as a great contribution to the North American countries, especially in their competition with Japan, which has been utilizing the cheap labor of Southeast Asian countries. At the same time, such industrial structural change will obviously push up sharply intra-regional trade at the expense of trade with nations outside the region, marking a shift which will likely be a heavy burden on our country, too.

On a short-term basis, U.S. and Canadian exports to Mexico are expected to increase. U.S. exports to Mexico last year were $33 billion, making it the third largest market for American goods. Meanwhile, Canada has been recording a $1-$2 billion deficit in its trade with Mexico every year, but now it envisions a reversal of the trend.

Meanwhile, for Mexico, the agreement is seen as a major gain in that it will pave the way for rapid implementation of its economic development programs. The NAFTA will clearly accelerate not only U.S. and Canadian investments taking advantage of Mexican labor but also investments from other countries seeking exports to U.S. markets. Mexico expects these investments to create an enormous number of jobs to end its poverty and help Mexican industries improve competitiveness at world markets.

According to provisions of the agreement, the three countries, while focusing on eliminating non-tariff barriers, established time-limits on specific commodities which will likely lead to price adjustments. Also, the local-content clause has been strengthened; especially, the local-content ratios applicable to, e.g., the auto manufacturing industry have been revised upward in a move that will have a major impact on Japanese and other non-North American nations' investments in Mexico.

The United States and Canada invested $33 billion in Mexico last year, a figure that will clearly increase in the future. It is precisely for this reason that Mexico has been positive for the agreement despite concerns about, e.g., subordination in capital as a result of financial liberalization.

In fact, foreign businesses have reportedly been flocking to Mexico since the signing of the agreement. While foreign businesses are increasing their investments in operations in Mexico with their sights set on the world's largest free market, U.S. enterprises still account for 90% of them at the moment. Lately, Japanese and European businesses are said to be hastening their preparations to get in the race, however.

What Mexico expects from the NAFTA is gigantic. It does not conceal its big ambition for using the whole American continent turned into a free trade zone as a springboard to become an economic giant.

To that end, Mexico signed a free trade agreement with Chile in October last year and is planning to conclude similar pacts with five other countries—Venezuela, Colombia, Peru, Ecuador and Bolivia. Furthermore, it has an established agenda for concluding free trade pacts with five Central American countries—Honduras, Guatemala, Nicaragua, Costa Rica and El Salvador—by 1996. In addition, it plans to push for free trade with the 17 Caribbean nations of the U.S. economic zone. Mexico has so far signed, or held talks on, free trade pacts with 13 of the 21 Central and South American countries.

Way into U.S. Markets Getting Tougher

Specifically, the NAFTA consists of provisions on elimination of tariffs and other trade barriers, the local-content clause, and stipulations dealing with investment expansion, the opening of communications and financial markets, the protection of intellectual property and free overland transport.

Tariff barriers shall in principle be eliminated immediately after the effectuation of the agreement; however, tariffs on specified goods are being phased out over five to 10 years and those on farm products over 15 years.

In its local-content clause, the NAFTA essentially deals with auto industry, providing that the local-content ratios shall be adjusted upward from 50% at the time immediately following the effectuation of the agreement to 56% over four years, and up to 62.5% over eight years following the effectuation. Instead, the present tariffs on locally-produced parts shall be cut by half when the NAFTA goes into effect, and those on two-thirds of U.S.-produced auto parts shall be totally abolished within five years thereafter. Besides, the agreement provides for total abolition of tariffs on textile goods within 10 years.

As for the $6-billion North American communications markets, the three countries agreed to open them up. They also agreed to completely liberalize their financial markets by 1 January of the year 2000. Also, the NAFTA enables U.S. and Canadian banks, security firms and insurance companies to establish 100%-equity subsidiaries. As regards overland transport, it provides for absolutely free passages of trucks and buses to be established throughout the three countries by the end of 1999. This provision is viewed by some as a revolutionary measure that virtually eliminates national borders.

World reactions to the NAFTA varied because its provisions like these would impact differently on the interests of each country.

The GATT, based on Article 24 of its rules, says that it welcomes free trade pacts that meet the established standards, while the EC has not gone beyond saying that it would look into whether it complies with the GATT rules or contain any exclusionist elements.

Meanwhile, Southeast Asian countries are showing mixed reactions, wariness and hope, as they withhold clarification of their position. They are primarily concerned that it may turn more difficult for them to compete with Mexico in U.S. markets or that Japanese investments may gradually shift from Southeast Asia to Mexico. On the other hand, they also feel that the in the long-range view, the NAFTA-established free trade market—the world's largest—could be in their interests and, based on that view, are planning to expand their investments in Mexico. At the same time, those countries are weighing plans for an Asian-Pacific region economic community.

Specifically, Thailand advocates a 320-million-population ASEAN free trade zone while Malaysia proposes an East Asian economic community (EAEC). Meanwhile, Taiwan offers a Great China economic community plan as a counterproposal, warning that the NAFTA will seriously hurt exports to North America.

The situation is as pressing to our country as it is to those countries. Korean businesses could avoid serious confusion thanks to their efforts in the past to secure on-site production bases and distribution networks targeted on North American markets, the largest export market for them; nevertheless, they are deeply worried about prospects of decline in exports. Especially, auto makers fear that they will be less competitive in price against cars built in Mexico. They are confronted with another burden: models produced in on-site plants will be required to increase their local-content ratios up to 62.5% or higher in the future to be recognized as locally-produced.

As regards the home appliance industry, the odds are undoubtedly against it in comparison with Mexican products being exported to U.S. markets duty-free, although Korean makers have prepared a wide range of countermeasures. In particular, terminal communication equipment such as facsimiles, push-button phones, wireless telephones, and telephones in general will likely be subjected to the heaviest blow. In addition, the NAFTA has put firms producing furniture, musical instruments, stuffed animals and daily necessities—which are all highly dependent on U.S. markets—on special alertness. With apparel exports, too, the situation is expected to worsen drastically.

On the other hand, there seems to be no immediate major threat to machinery businesses that have been exporting containers, textile machines, bolts and nuts. In the steel industry, Sammi Steel Co. and Poongsan which have affiliated firms in North America view the NAFTA as opening the window of opportunity.

Investments in Mexico by Korean businesses are also expected to gain momentum as a result of the signing of the NAFTA. Particularly attractive is the cheap Mexican labor; the $2.75 in per-hour wage is only about one seventh of the U.S. and Canadian levels, which are $12.23 and $19.23 respectively. Since Samsung Co., Ltd. made its first $200,000 investment in Mexico several years ago, 14 businesses have so far invested a total of

$58.42 million. In the future, as the 49%-or-less limitation on foreign interest is removed and as transfer of rights becomes possible, it is also expected that joint investments with U.S. firms will increase.

The local-content clause will be the biggest stumbling block, however. Therefore, investment cooperation through Mexico is not just another easy task as the required local-content ratios will create hurdles hard to clear. If the clause is strengthened, it will make Mexico investments a virtually futile effort, casting dark clouds over the entire spectrum of export markets.

Economic Bloc's Various Features

The NAFTA's goal is to establish a free trade zone through elimination of tariffs on exports and imports. Free trade zone is not everything about an economic bloc, however. There are other, more loosely knit types of economic cooperation and customs union. Also, there is the EC pursuing even closer economic integration, a common currency, and political union.

It can be said that the NAFTA can trigger a global trend of bloc-based economies. It is because, amid the deepening concerns over the EC's moves to carry out a market merger by early next year and to press on further for monetary and political integration, the United States now came up with the NAFTA, causing worries about another "wall." It cannot but be a source of profound anxiety for Asian countries whose overall economic reliance on the United States—reliance in every area including commodity, capital and technology—is far greater than that of the EC.

In EC's case the intra-region trade has shown sharp gains but the growth of its trade with non-EC countries has been insignificant. The proportions between the trade with non-EC countries and the trade among EC countries shrank from 8 to 10 in 1980 to 10 to 15 in 1991. In value, the intra-region trade registered $708.3 billion in 1980 and $1 trillion 725 billion in 1991, while the trade with non-EC countries increased from $683.9 billion in 1980 to $1 trillion 138.1 billion in 1991. These statistics can be interpreted as indicating a trend of the EC running counter to the global flow of free trade revitalization as the rates of economic activities completed within its "wall" are on the gradual increase.

Needless to say, the three NAFTA countries are not in the same situation as the EC counterparts as yet. Their 1991 intra-region trade was $723.5 billion and trade with countries outside the region $966.9 billion, indicating a weaker trend of self-sufficiency compared with the EC. The agreement is replete with devices to gradually boost the rates of economic activities to be completed within the bloc, however, and this cannot but be a cause of tremendous worries for outside-the-region countries to be affected, in particular Asia's newly industrializing countries [NICS] and developing nations.

The intra-Asian region trade of six ASEAN nations and NICS such as Korea and Taiwan was $101.5 billion in 1990, which was less than one third of the $535.6 billion in the trade with outside-the-region countries. In short, trade with outside-the-region countries such as the United States still accounts for far greater proportions although the intra-region trade is on the rapid increase.

The creation of a free trade zone in whatever form inevitably affects third countries by producing the trade-converting effect and trade-creating effect. The former means the phenomenon of exports and imports among member countries increasing as a result of the elimination of trade barriers, namely tariffs and non-tariff barriers while the trade with nonmember countries decreases. The latter points to the fact that as the intra-region trade increases, it contributes more to growth, with the gains in GNP thus generated serving to push up imports from outside-the-region countries, and that, consequently, the world trade as a whole expands and receive benefits.

The size of trade-converting effect varies depending on the extent of pre-treaty trade barriers among the countries in the region and on how they are phased out. It also varies depending on what types of goods, and how much of them, are exported and imported.

Exports to the United States account for 76.8% of the total Mexican exports and imports from the United States 74.8%; tariffs have been 10%. Based on these figures, it is anticipated that the NAFTA will generate no drastic changes in the trade pattern and growth trend.

From the viewpoint of investment, it should be noted that Mexico has plans for extensive changes not only in trade system but also economic systems in general, however, and that it will therefore require further, more detailed monitoring of developments to establish the future pattern of investment in Mexico.

The NAFTA does not signify a total economic integration as pursued by the EC. With no analysis available as yet to determine whether the EC is an economic bloc swimming with or against the tide of free trade, it will be the task of specialists concerned to compare and analyze movements in the trade-converting and trade-creating effects generated by the NAFTA.

ROK-China Normalization, Possibility of Northeast Asian Bloc

As I said earlier, countries in the Asian-Pacific region have strongly reacted to the NAFTA. In particular, Northeast Asian countries, while pondering over an EAEC plan, are moving to make the Asian-Pacific Economic Cooperation (APEC) an official institution. The APEC, currently made up by 15 countries including the United States, Japan, Canada and the ROK, explored a new form of economic cooperation at its fourth ministerial meeting in Bangkok on 9 September.

The discussion included the creation of an APEC secretariat and fund, free intra-region trade, and joint cooperation programs. At the same time, member nations launched move to change the APEC, hitherto a consultative body, into a permanent organization for large-sphere intra-region economic cooperation.

The APEC will likely bring in Mexico as member in the future and consider APEC-NAFTA ties. Judging from its nature and members, the APEC will not elect to shift to an economic bloc rivaling the NAFTA, on a near-term basis at least. It should be noted that should the competition with the NAFTA intensify in the future, the APEC will become an economic bloc stronger than the EC, however.

The first requirement of an economic bloc is complementary cooperation between the economies. To use plain language, forming a bloc becomes possible only when countries involved see the principle of give and take as in their interest. It is for this reason that people think that the ROK-China normalization treaty, signed on 24 August, will not only expand economic exchanges between the two countries but also it may perhaps lead to a Northeast Asian or Asian economic bloc.

The ROK and Chinese economies have expanded and developed through complementary cooperation in recent years; the bilateral trade reached $6 billion in 1990 and will likely surpass $10 billion in 1992. The 1992 economic exchanges of the Northeast Asian countries, including the ROK, North Korea, Japan and China, have reached $100 billion.

This figure includes: ROK-China trade $5.81 billion, ROK-Japan $32.41 billion, Japan-China $22.82 billion, North Korea-China $620 million, Japan-Taiwan $27.75 billion, ROK-Taiwan $3.03 billion, Taiwan-China $5.81 billion, and North-South Korea $110 million. In the future, when a bilateral investment guarantee pact and airline and shipping agreements are signed between the ROK and China, when direct Seoul-Beijing flights begin and consulates general open in Shanghai, Shenyang and Pusan, and when North Korea-Japan and North Korea-U.S. relations are normalized, economic exchanges between these countries will become even more vigorous.

The hitherto indirect ROK-China economic exchange via Hong Kong will be replaced with direct trade now that diplomatic relations have been normalized. At the same time, ROK businesses will expand their participation in international bidding in China and their investments in petrochemical, electronics, auto and other capital-intensive industries in real earnest. Thus, the ROK-China trade will likely surpass even the ROK-EC trade by the time Hong Kong is returned to Chinese administration in 1997.

The growth rate of ROK exports to China for the first half of 1992 was 81%. It is expected to go even higher as direct flights, shipping lines and financial services expand, and as Chinese economic developments gain momentum. The opening of Korean branch firms and their marketing activities through direct participation in local distribution networks will also be contributing factors. In the future, when they take part in China's infrastructure construction for key industries, when foreign investment in the Chinese service industry sector is authorized, and when investment authorization is extended from simple manufacturing industries to more comprehensively areas including tourist, transport, financial, trade, real estate, and construction sectors, the present small-scale trial investments will gradually be replaced by large- and full-scale investments.

As of the end of June this year, Korean business investments in China were 272 cases, totaling $2.78 million; the per-case investment was as small as $900,000. The objects of investment have been apparel, sewing, footwear, leather, toy and other labor-intensive industries. They have been largely for exports to third countries, taking advantage of the low wages in China. In the future they will be replaced by capital-intensive investments in such industries as machinery, aviation, electric, electronic, building material and auto. In the motivation, too, investments aimed at China's domestic demand markets and those to develop resources and farm and fishery products will gain dominance.

In the number of cases, Korean investments are expected double the 1991 figure and, in the total amount, to more than triple to $200 million. Incidently, Northeast Asian countries' investments in China as of the end of 1991 include Hong Kong's $7.22 billion, Taiwan's $1.39 billion, and Japan's $810 million, indicating that our country is lagging a great deal behind them.

Japan's One-Sided Lead an Obstacle

Thus, the rapidly expanding economic exchanges within the Northeast Asian region is enhancing the possibility of an economic bloc. Since the countries in the region are complementary with one another not only in the scales of commodity and capital transactions but in their economic and trade structures as well, it may safely be said that there are no obstacles to the creation of an economic bloc. In fact, various forms of economic zone are being discussed in depth these days among scholars, research institutes and even government officials of the countries involved, including a rim-East Sea [Japan Sea] economic sphere between the ROK, Japan and Russia, a rim-Yellow Sea economic zone between the ROK and China, a Taiwan Strait economic zone between China and Taiwan, and a South China economic zone between China and Hong Kong.

Economic blocs such as a Southeast Asian bloc centering on ASEAN countries, or a Northeast Asian including the ROK, North Korea, Japan and China, or a rim-Pacific made up by the United States, Canada, Japan and the ROK are being discussed vigorously, reflecting the complementary nature of their economic structures, the global proliferation of high technology and the similarity in consumer taste.

There are in fact just as many potential obstacles, however. Because of the differences between the two economic systems, capitalism and socialism, and the

East-West gap in consciousness, the cultural, racial and religious divergences between the Northeast and South East Asia, and in particular the gap between the Confucian and non-Confucian zones, plus Japan's monopolistic economic control, it is still difficult for countries in these regions to form a bloc like the EC or NAFTA.

Japan's lukewarm attitude is also viewed as an impediment to forming a bloc. Japan, with the highest competitiveness in the world not only in commodity and financial trade but in technology as well, relies on its own strength with which it cleared the EC barriers with little difficulty. It is optimistic about scaling the NAFTA wall in a near future.

As for Japan, it knows that even if it forms an economic bloc with the ROK, China or Southeast Asian nations, there will be nothing to gain except the suspicion of an alleged rehash of "the Great East Asia Coprosperity Sphere." So, it is unlikely that Japan will take the initiative for a bloc unless the other countries come forward and beg for its cooperation.

Responsible for this situation is the fact that under the present trade system, even China and North Korea—not to mention the ROK and Southeast Asian nations—cannot do without Japan. Although the economic prosperity of countries like the ROK, Singapore and Malaysia is often described as "miracles," a careful probe would easily uncover Japan's large shadow behind them all.

ROK-Japan Collusion a Dangerous Conception

As for an economic bloc, it is not the matter of economic factors alone. One can see it clearly in the difficulties being experienced by the 12 EC countries in their current drive for political union. In the wake of the referendum in Denmark that failed to approve the Maastricht Treaty, prospects for EC integration are not bright in France and Germany either. Britain openly threatens to scrap the treaty itself should the French and German voters also disapprove it. There is even the possibility of the plan for European union being shelved for a while.

Likewise, the NAFTA has to be ratified by the parliaments of the three North American countries before going into effect. The Mexican parliament already ratified it; in the United States, the Democrats-dominated Congress and labor unions are strongly opposed to it, however, and some turns and twists are obviously in store. The point is that EC integration or the effectuation of the NAFTA will take time to materialize. From this viewpoint, it can be expected that in order for an Asian-Pacific bloc to reach the plateau of economic or political unity transcending the levels of simple economic cooperation or tariff union, it will take a much longer time than that.

The fundamental principle of the world economy called for unanimously by the industrial countries is free trade. It is also basically undeniable that the world is showing trends toward economic blocs in various areas and in various forms, trends that totally contradicts their call. With the end of the cold war resulting from the unification of Germany, the collapse of East European socialist systems and the disintegration of the Soviet Union, the world has taken on a new look, shifting to an economic war. What type of strategy is there for our country—which once claimed to have reached the threshold to an industrial nation—to pursue?

The first test will come from the Uruguay Round (UR) which is expected to reach a final settlement by early next year at latest. The government holds to the position that it will welcome the UR if only the rice issue is settled, because it will be left to face a more difficult task, namely bilateral bargaining with individual countries, should UR negotiations collapse. In other words, its calculation is that a package deal through the UR is more in the national interest than to enter separate negotiations with the United States, Japan and the EC which are way ahead in both the negotiating power and economic strength.

Seen in this light, the option for the ROK is obvious. It is to foster its industrial competitiveness by readjusting its industrial structure, liberalizing its service industry gradually, establishing rights on domestically developed technologies, and cutting back on subsidies and guidance-policy finances. At the same time, strengthening the APEC and other Asian-Pacific economic cooperation programs will serve its purpose.

Let me add one more thing: a third economic bloc with Japan as its axis is a dangerous plan. It is because excessively collusive collaborations with Japan could devastate the ROK economy to its foundation, although cooperation with it is a realistic necessity. How to define Japan relations will inevitably become a major national policy task in the future.

Daewoo Ends 7-Year Joint Venture With GM

SK0111063192 Seoul THE KOREA TIMES in English 1 Nov 92 p 9

[Text] The Daewoo Group on Friday announced the formal end of its seven-year joint venture with U.S. car giant General Motors (GM).

"We received government approval yesterday to allow our foreign partner to withdraw its stake in the company," a Daewoo Group spokesman said.

"We have finally broken the 50-50 joint venture with GM."

He said three Daewoo units would take over the GM stake in Daewoo Motor Co Ltd for $170 million over three years.

"Despite reports to the contrary, our business is expected to become more active, especially exports, after the break-up. We believe the future will be better," a spokesman for Daewoo Motor said.

South Korea's third largest carmaker, after Hyundai and Kia, hopes to increase sales to 550,000 vehicles next year from 300,000 targeted this year.

Overseas shipments are expected to surge over 100,000 in 1993 from a projected 50,000 this year. This company expects overseas sales to reach 300,000 by 1995.

"In the long-term, the divorce should help Daewoo expand its business and diversify into more overseas markets," said Han Chae-yun, senior researcher at the Korea Institute for Industrial Economics and Trade.

The 50-50 joint venture, signed in 1986, produced the Lemans saloon. The car is marketed here as the Lemans and in the United States as the Pontiac Lemans.

Daewoo had angered GM as early as 1989 by advancing into what GM regarded as its territory, exporting 3,000 vehicles to Czechoslovakia. No further shipments have been made to Europe.

Industry analysts said the Daewoo-GM split had been brewing for over a year following policy disagreements.

Second Round of Aviation Talks With PRC Set

SK0411054392 Seoul THE KOREA HERALD in English 4 Nov 92 p 3

[Text] South Korea and China will discuss signing a bilateral aviation protocol and the opening of a direct route between Seoul and Beijing during the second round of their aviation talks scheduled for Nov. 11-18 in Seoul, a Ministry of Transportation source said yesterday.

Both sides are expected to sign the protocol if they succeed in ironing out their differences over beyond rights because they had already agreed to the signing in the first round of talks in Beijing in September, the source said.

Difficult negotiations are expected on the issue of a direct route between the two capitals since Korea has adamantly demanded that two Korean airlines be allowed to fly this route while China has insisted on only one.

Korea originally asked to hold the second round talks this week, but they were delayed two weeks due to problems on the Chinese side, the source said.

Korea will face a big dilemma in selecting one airline for the route if China does not agree to two carriers. Korean Air and Asiana Airlines are engaged in a hectic competition for the route, thought to be one of the most lucrative air routes in the near future.

Korean Air, which has been flying between Seoul and Shanghai once a week since last February, saw passenger volume jump more than double to 8,400 during the third quarter of the year from 3,700 in the second quarter.

Ridership on Asiana Airlines, meanwhile, increased to 9,500 during the July-September quarter from 5,200 in the second quarter. Asiana has been flying between Seoul and Tianjin once a week since March.

Asiana Airlines will open its New York sales office Nov. 10. The opening of this regional office will allow Asiana to take better advantage of the escalating demand for transpacific travel, the airline's spokesman said yesterday.

Pak Sam-ku, president of Asiana, will be in town to host local dignitaries, civic leaders and aviation and travel industry representatives at the ribbon-cutting ceremony for their new downtown Manhattan office.

Asiana has been offering regular service to Los Angeles since 1991. Their newest U.S. destinations, San Francisco and New York, bring Asiana one step closer to its plan to expand service into the more lucrative western markets.

Seoul, China Agree on Construction Sector Accord

SK0111113492 Seoul THE KOREA HERALD in English 1 Nov 92 p 8

[Text] Korea and China are pushing to sign a bilateral agreement on cooperation in the construction sector.

Officials from the Ministry of Construction and the Overseas Construction Association of Korea (OCAK) have recently agreed in principle on the conclusion of the accord with Chinese officials in Beijing, an official at the ministry said yesterday.

Kwon O-chang, chief of the ministry's overseas construction section, has been staying over in Beijing to consult with Chinese officials on the details of the agreement, he said.

If the working-level preparations are completed, the official said, Minister of Construction So Yong-taek will visit China as early as this month to attend the signing ceremony.

The accord will include provisions on the exchange of construction information between the two countries and joint advancement into third countries, he said.

On his recent trip to Beijing, Hong Sun-kil, the OCAK president, had talks with officials of the China State Housing & Real Estate Corp. on ways to boost bilateral cooperation between the two organizations, including a joint venture project to construct a 43-story office and residential building in Tianjin.

Last August, Meng Xiao Su, president of the Chinese state corporation, came to Seoul at the invitation of the OCAK and met with officials from the Korea Land Development Corp., the Korea National Housing Corp. and eight large construction companies.

The conclusion of the agreement is expected to help Korean construction firms advance into the Chinese construction market which is estimated to approach $85-100 billion, the ministry official said.

Korean contractors have so far only won one construction order from China.

Hyundai Heavy Industries Co. signed a contract with the Hainan provincial government last November to build a $32 million oil-drilling facility off the island. Also, the state-run Korea Land Development Corp. plans to start construction on a Korean industrial park in the northeastern port city of Tianjin next April.

Some Korean contractors had tried to advance into the Chinese construction market during the late 1980s, but high risks, including financing problems, led them to give up their plans.

In this regard, many industry officials said close cooperation should be maintained between the government and private contractors for successful projects in China.

North Called 'Unreasonable' for Cancelling Talks

SK0411063492 Seoul YONHAP in English 0608 GMT 4 Nov 92

[Text] Seoul, Nov. 4 (YONHAP)—Deputy Prime Minister Choe Yong-chul, accusing North Korea of being unreasonable in trying to disrupt inter-Korean talks, said Wednesday that dialogue between Seoul and Pyongyang should continue.

In a statement after an inter-ministerial meeting on inter-Korean relations, Choe, who is also national unification minister, said: "All issues between South and North Korea should be settled through dialogue and the dialogue should be continued in any event."

Choe's statement was prompted by North Korea's announcement Tuesday that it would not attend the first meetings of the four inter-Korean joint commissions because South Korea was conducting military drills in defiance of its protests.

"The (South Korea-U.S.) Team Spirit exercise and other military exercises are the usual drills which any country in the world conducts for self-defense and they cannot become the cause of criticism from North Korea. Team Spirit will have to be continued unless North Korea stops nuclear arms development and other military threats," Choe said.

He said the recently discovered South Korean Workers' Party, created by North Korean spies and collaborators, was evidence of a North Korean attempt to sow confusion and to destroy and subvert the South Korean system.

"If North Korea wants reconciliation with us in earnest, it should frankly admit its responsibility, apologize for it and take measures to prevent a recurrence of such incidents," Choe said.

The deputy prime minister told reporters that North Korea was unlikely to attend the ninth high-level talks in December.

North Korea seemed to be trying to stay away from the joint commissions to dilute Seoul's demand for an apology for the Workers' Party scandal, escape international pressure over its nuclear weapons development, and create tension in its own society to maintain its system, he said.

Prime Minister on Elections, N-S Relations

SK0411093792 Seoul KYONGHYANG SINMUN in Korean 2 Nov 92 p 8

[Interview with Prime Minister Hyon Sung-chong by Yun Ku, manager of the KYONGHYANG SINMUN Political Department—place and date not given]

[Excerpts] [passage omitted] [Yun Ku] Some people argue that recent activities by all the political parties and their candidates are early election campaigning. Does the government have any countermeasures for this?

[Hyon Sung-chong] I am receiving reports that election campaigning is being conducted, although the date of the election has not been officially announced. The government plans to work out measures, mainly through the Ministries of Home Affairs and Justice, and take action against early election campaigning at the initial stage. In the past, the government took action upon request from the Central Election Management Committee. However, this government plans to ferret out irregularities in campaigning and take action to prevent them.

[Yun] What factors are hindering a fair election?

[Hyon] The following four factors are required to guarantee a fair election: first, election laws should be realistic; second, government officials should maintain fairness in the election; third, politicians should have the will to hold a fair election; and fourth, ordinary people should have democratic awareness. I think that of these four factors, government officials' will to maintain fairness in the election and the people's awareness of a fair election have improved considerably. The questions are whether the election laws are realistic and the politicians have the will to hold a fair election at any cost. I think that these two factors will be the keys to fairness in the upcoming presidential election. In this year's regular session of the National Assembly, lawmakers attacked the government about the election. However, with the election around the corner, this kind of political offensive should be directed at the parties themselves. [passage omitted]

[Yun] Kim U-chung, chairman of the Daewoo Group, recently expressed his intention to run for the presidency and then dropped out. We hear that President No Tae-u expressed his concern about Kim U-chung's intention and that his opinion was conveyed to Kim U-chung. As a result, the Democratic Party and the United People's

Party are suspicious about the president's desire for neutrality. What do you think of this?

[Hyon] When I visited Chongwadae for a weekly report last week, I asked the president about this. President No Tae-u said: "It is true that I worried about the economy when I heard the news that Chairman Kim intended to run for the presidency. I have not commented on Chairman Kim's intention. The rumors currently circulating about this issue are wrong."

[Yun] Do you mean that you have no doubts about the president's desire for neutrality?s

[Hyon] I do not question the president's desire to hold a fair election. If the president lacks the will to hold a fair election, no fair election will be held; if a fair election cannot be held, I have no reason to remain in office as prime minister.

[Yun] What is your personal opinion of Chairman Kim U-chung's intention to run for the presidency?

[Hyon] I am not in a position to mention it because I am a public official. Generally speaking, I think close ties between politicians and businessmen are not desirable. [passage omitted]

[Yun] We understand that many people are skeptical about progress in North-South dialogue because of the recent Workers Party of Korea spy case in South Korea.

[Hyon] The government plans to continue dialogue in principle. This is because the North-South dialogue is the way to achieve reunification and also to prevent the North side's provocative acts. However, I think that we should receive an apology from North Korea for the spy ring incident and should receive a guarantee that such an incident will not happen again, even though this may lead North Korea to totally reject North-South dialogue. Concerning the nuclear issue, mutual inspections should be conducted at an earlier date.

[Yun] We hear that many politicians were involved in the spy ring case. We also hear that whenever an election season comes, an announcement on a spy ring case is made.

[Hyon] I do not know the details about the case. However, it appears to be true that many spies contacted politicians. We have not made it public because it does not help the investigation. This spy ring case has nothing to do with the upcoming presidential election. In the past, the government simply said that a wolf would come, but we have seen a real wolf come this time, have we not? I think it would be negligent to announce the results before the election, no matter what the conclusion of the investigation, in case they affect the election. When the investigation is completed and we are ready to make its result public, all doubts will be dispelled. [passage omitted]

New Political Party To Nominate Yi Chong-chan

SK0411044192 Seoul YONHAP in English 0146 GMT 4 Nov 92

[Text] Seoul, Nov. 4 (YONHAP)—Organizers of a new political party, unable to find any "national" figure to carry the party standard, have decided to nominate Rep. Yi Chong-chan as their presidential candidate, but with a condition.

The tentatively named New Korea Party held a preparatory committee and advisers meeting Tuesday and decided to ask Yi to become its leader on condition that he supply the funds.

With time running out fast on them, they agreed that it was impossible to invite a nationally prominent leader from outside to lead the party. Pushed against the wall when Kim U-chung, chairman of the Daewoo business group, announced he wouldn't join them, the organizers turned inward.

Talking with reporters Wednesday morning, Yi Chong-chan hinted that he would accept their offer by saying "party organizers and advisers believe that a party loses all reason for its existence if it fails to put up a presidential candidate."

Yi, 55, a four-term representative from a Seoul district, was to make his decision within Wednesday.

Among the organizers, five lawmakers who broke away from the majority Democratic Liberal Party, including Reps. Yi Cha-hon and Pak Chol-on, and Rep. Han Yong-su, who deserted the Democratic Party, have said they will not take part in a new party unless it invites a leader from outside.

Their rationale was that they could not otherwise justify their action to leave their parties and form a party to oppose the political establishment of the two Kims—Kim Yong-sam of the Democratic Liberal Party and Kim Tae-chung of the Democratic Party.

They said they believe the time is now ripe for a new leader to take over the politics of this country, long dominated by the two Kims.

Yi Chong-chan and his "gathering for new politics" agreed with them, and as they prepared to form a new party they looked for a leader who could supply a nationally high profile and money to run for president in the December election.

In addition to Kim U-chung, they had contacted former prime minister Kang Yong-hun and former chairman of the Democratic Liberal Party Pak Tae-chun, but they all turned the proposal down. The New Korea Party then was feared to disintegrate even before it is formally registered and becomes a legitimate political party.

In desperate efforts to save the budding party, chairman of the party founding preparatory committee, Chae

Mun-sik, aided by Rep. Pak Chol-on, tried hard to persuade some of the leading organizers to remain in the party.

Those who were threatening to leave the party include Reps. Kim Yong-hwan and Chang Kyong-u. They blamed Yi Chong-chan for the party's failure to recruit Kim U-chung because, they say, Yi pressed conditions for the Daewoo chairman to run for president.

Sources at the New Korea Party said Chairman Chae and Pak had worked especially hard and persuaded them to accept a possible candidacy of Yi Chong-chan. It was they, the sources said, who set the condition for Yi Chong-chan to supply his own campaign funds in exchange for their agreement to stay in the party.

The new party, nevertheless, has not escaped the possibility of disintegration if Yi decides not to run for president or is unable to come up with the money to form a party and fund an election campaign.

Even if Yi does decide to run, the party would be weakened considerably since there still is a group of organizers including Rep. Han Yong-su who insist on not fielding a presidential candidate if the party cannot find a national figure.

Burma

Army Captures Karen Camp Near Thai Border

BK0111033692 Bangkok THE SUNDAY POST in English 1 Nov 92 p 3

[Text] Tak [Thailand]—Burmese troops yesterday captured a Karen National Union (KNU) camp opposite Mae Ramat District after nearly 24 hours of heavy fighting.

Border Patrol Police [BPP] sources said the Burmese troops began to shell Maw Pasu Camp, the headquarters of KNU's 7th Division, opposite Ban Huay Plakong on Friday evening with rounds of 81mm and 120mm mortars and 84mm recoilless guns.

Some 300 KNU soldiers protecting the camp returned with 60 and 81mm mortar fire.

Four Karen soldiers were killed and 16 wounded. Casualties among the Rangoon troops were unknown.

About 50 Karen people fled across the border to Ban Huay Plakong.

Maj-Gen Tin Maun, commander of the KNU's 7th Division, ordered his men to abandon the camp at about 2 p.m.

Maw Pasu was the largest black market of the KNU and was regarded as a main lifeline of the KNU's economy.

On the Thai side of the border, police of BPP's 345th Company were deployed to remain vigilant for any border crossing of armed elements of either side.

Task Force 34 Deputy Commander Col Thammanun Chitwachara said any armed element that happens to cross the border would be disarmed and confined.

Those who refuse to be disarmed would be pushed back, he said.

Rebels Claim SLORC Dictates Choice of Delegates

BK0311072592 (Clandestine) Democratic Voice of Burma in Burmese 1430 GMT 2 Nov 92

[From the News Program]

[Excerpt] The Democratic Voice of Burma has received a report from a reliable source about the atrocities and oppression of the SLORC [State Law and Order Restoration Council] Army in the Kachin State in the northern Burma.

Selection of delegates from township law and order restoration councils: The SLORC government had recently announced that its township law and order restoration councils would be reorganized by replacing them with civilians. However, in townships where many national races reside, SLORC military officers had instructed township law and order restoration councils to select delegates [to the National Convention] from workers and peasants intelligently and not to select anybody who is involved in politics. They said that delegates found to be involved in politics would not be acceptable to the SLORC and that such selected delegates would be tortured and killed. They added that civilians who selected such delegates would be arrested. [passage omitted]

Expose More Atrocities in Kachin State

BK0311145592 (Clandestine) Democratic Voice of Burma in Burmese 1430 GMT 2 Nov 92

[From the program "Look and You Will See"]

[Text] Listeners, in today's "Look and You Will See" program, we will present "Miseries From Manaw Land," the accounts of atrocities that were witnessed by an elected representative from Kachin State.

The SLORC [State Law and Order Restoration Council], the military clique, had promised that power would be transferred to the people and the winning party in the May 1990 election and that its troops would return to the barracks. But, in reality its words are not in conformity with its deeds. It continues to cling to power, oppressing and torturing the people as if they were animals.

In Myintkyina, Kachin State, the people and the public service personnel were forced to clear the bushes along the Myintkyina-Mogaung-Monyin Railroad. The people were also asked to pay porter fees from kyat 5,000 to kyat 10,000 monthly. Apart from the porter fees, an order to pay monthly farm, housing, elctricity, and water taxes was also issued.

Each household, merchant, and jade dealer was forced to pay kyat 500, kyat 5,000-10,000, and kyat 50,000-100,000 respectively for construction of a five-mile dam along the Irrawaddy River from Kareinnaw Yeiktha to Kachinsu Ward. A jade dealer, who asked not to be identified, was coerced to donate kyat 1 million and to contribute free labor. An order was also issued to confiscate the farms, lands, and houses if the people were unable to contribute cash and labor.

Every farmer, public service personnel, trader, jade broker, and jade merchant was forced to contribute kyat 500, kyat 1,000, and kyat 5,000-100,000 respectively for construction of Myintkyina's (Jeinkaran) hydropower plant. They were also required to contribute free labor.

The dictatorial SLORC has prohibited jade mining and imposed martial law in the Phakan region. But, Commander Kyaw Ba took bribes in millions of kyat from jade dealers and allowed them to mine jade. The colonels and the majors, who are the local authorities in Phakan, were also levying taxes of kyat 1,000-5,000 on each cargo truck plying the Mokaung-Phakan route and kyat 500-1,000 on each bullock cart, and on each person. Those who were unable to pay cash for the taxes were robbed of their watches and gold chains and those who could not pay anything were taken to the military barracks and kept there for a month. These people had to fill water, cook meals, collect firewood, and dig wells for a month before they were released.

Commander Kyaw Ba collected porter fees, contributions for the (Jeinkaran) hydropower plant and dam along the Irrawaddy River from jade dealers, merchants, and the public. He also amassed his wealth by other misappropriated means. He has millions of kyat worth of material things including boxes of gold bullion and is considered the richest among the Burmese commanders. His subordinates, the colonels and the majors, own houses and cars and enjoy their lives while soldiers on the front line are sacrificing their lives to protect their superiors' estates and fortunes. General Than Shwe and Major General Khin Nyunt were concerend about conflicts in the Army stemming from envy towards Commander Kyaw Ba. That is why they have assigned Commander Kyaw Ba as the minister for hotel and tourism.

The SLORC's act of destroying schools and hospitals along the Myitkyina-Bhamo thoroughfare, turning the Myintkyina-(Lhudu) and Tanaing-Karmaing roads into a jungle, destroying and relocating the villages, looting money from people, and raping young women contradicts its Declaration No. 1/88 which stated that it is ultimately carrying out the tasks of restoring law and order, and peace in the regions to guarantee the safe and smooth transportation, and to ease the living of the people.

Although SLORC tries very hard to improve its image in the international community, it has done nothing that would benefit the people.

From the time when U Ne Win came to power in 1962 until 1992, they have done nothing to build the Myitkyina-Putao road. It is still a dirt road. One can only travel from Myintkyina to Putao by air. Therefore, the authorities could not supply adequate goods to the people. Now, people cannot even afford to buy salt. The price of salt is kyat 250-300 per viss [1 viss = 1.6 kg] and one bag of rice is kyat 700-1,000. For instance, the price of Mermaid brand medicine powder is kyat 60 in Putao while it is only kyat 2.50 in Myitkyina.

In 1991, the SLORC forced the people and the public service personnel to complete the 14-mile Putao-Machanbaw road in one month. It also allocated the task for each household to complete the inner city roads in Putao in one month.

While SLORC is saying that it is taking care of smooth and safe transportation, it is actually doing nothing but forcing others to do the work. The people from Putao and Machanbaw were forced to complete the 4,000-foot Malikha rope bridge in three months. In the same year, the people were also forced to work on construction of the Machanbaw-Nongmung and Machanbaw-Hkawbude roads.

The people are facing various kinds of hardships because they are taken as porters and forced to fix the fences of police stations and military camps, to complete road contruction on specified dates, and to pay numerous fees.

The SLORC neglects matters related to education and health of the children of public service personnel. Due to high inflation, public service personnel, whose lowest salary of kyat 500, could not even afford to buy a bag of rice. These people have to work on the farms after office hours in order to support their families.

Thus, as long as the dictatorial SLORC, the military clique, is still in power the value of the people will be less than that of an animal and the suffering will continue until the end.

Karen Leader Explains Former Official's Case

BK0411032192 Rangoon Radio Burma in Burmese 0130 GMT 4 Nov 92

[Text] U Mahn Tin Aung Than, chairman of the Union Karen League, was interviewed yesterday in order to clarify reports that Mahn Nyunt Maung, who once served in the Union Karen League, had gone underground.

During the course of the interview, U Mahn Tin Aung Than explained that after the 1988 events the State Law and Order Restoration Council [SLORC] assumed state responsibilities and made arrangements to hold the multiparty democratic general elections and political parties were systematically registered with the Commission for Holding Multiparty Democratic General Elections. Under these circumstances, the Karen youths formed the Union Karen League [UKL] and duly registered the organization.

He said he served as the chairman while Mahn Nyunt Maung was appointed as general secretary and Saw Wilbert and Saw Maung Thein as joint general secretary. He said they were not voted into office. U Mahn Tin Aung Than said it was decided to retain the objectives of the original UKL when the policies and future programs of the league were announced. He explained that the three secretaries distributed the duties of the league among themselves and did what they liked without the approval of the chairman. He said the secretaries issued documents and press releases as they pleased and engaged in antigovernment activities.

U Mahn Tin Aung Than said the UKL only has the tradition of supporting the government and has never had the tradition of opposing the government. However, the secretariat engaged in antigovernment activities. He said he had to restrain them as a chairman.

He explained that members of Mahn Nyunt Maung's secretariat engaged in heavy drinking and verbal abuse and spoke without restraint. U Mahn Tin Aung Than said he was viewed as an obstacle when he tried to give them guidance. He recounted that they were drunk and hurling verbal abuse at about 2130 on 16 August 1989 near Aung San Stadium. He said that Mahn Nyunt Maung was fined Kyat 100 by a court in Mingala Taungnyunt.

He said that his league does not want those people who are drunkards, verbally abusive, morally corrupt, socially deficient, antigovernment, and lacking in leadership qualities. He wanted to remove Mahn Nyunt Maung and his group as they were not elected into office, but he was unable to do so. Mahn Nyunt Maung was later detained for security reasons and was released under Order No. 11/92 of the SLORC. After his release, Mahn Nyunt Maung applied for readmission to the UKL, but he was not accepted.

Mahn Nyunt Maung desperately wanted to have a position, especially a senior position, and to be a leader. He was the one who wrote and said U Nu sold the country, but later rejoined U Nu's organization. It was clear that he wanted a position. He now went underground probably because he wanted to have a good position. He had probably crossed into the other side with a hope of getting a position when he met with the exiled Sein Win's [of National Coalition Government of the Union of Burma] group.

U Mahn Tin Aung Than said that Sein Win's group does not have a Karen national and Mahn Nyunt Maung may have tried to take advantage of this. Other than his desire for a position, Mahn Nyunt Maung has no qualities; he has neither courage nor ability. He also does not have leadership qualities. He is also not an opposition leader. U Mahn Tin Aung Than said the UKL did not readmit Mahn Nyunt Maung and he would not be selected as a delegate to the National Convention.

He said Mahn Nyunt Maung is no longer recognized as a member of executive of the league since he had been legally expelled from the league on 8 February (?1990). He now has nothing to do with the UKL.

Myo Nyunt Warns Merchants on Raising Rice Prices

BK0411042592 Rangoon Radio Burma in Burmese 1330 GMT 3 Nov 92

[Text] Major General Myo Nyunt, chairman of the Rangoon Division Law and Order Restoration Council, attended a coordination meeting on rice distribution in townships of Yangon Division at 1300 today in the conference hall of the Rangoon Division Law and Order Restoration Council.

The meeting was attended by U Tun Lwin, director of the Divisional General Administration Department; Police Colonel Thein Lin, commander of the Divisional People's Police Force; Lieutenant Colonel Aung Kyaw Than, secretary; chairmen of East Rangoon, West Rangoon, South Rangoon, North Rangoon District Law and Order Restoration Councils; and chairmen of township law and order restoration councils in Rangoon Division.

Speaking at the meeting, Commander Maj. Gen. Myo Nyunt said that it has been found that the price of rice has risen exorbitantly in recent days. He said it is not normal for the rice prices to be rising sharply during the current harvest season as the climatic conditions have been favorable and paddy production has been good. He said some unscrupulous merchants, who are taking advantage of the slight delay in transportation in some areas caused by rains last week, are distorting the rice prices by spreading rumors. He added cooperatives personnel responsbile for rice distribution also failed to explain to the consumers the delay in transportation of rice caused by weather conditions and told the consumers there was no rice without giving explanation.

He said he wondered whether they were sincere and whether external influence has already infiltrated. He said the authorities at the high level had made necessary arrangements for sufficient amount of rice for the public. He added that the rice has not reached the consumers because of the weakness in the lower level. Therefore, those responsible at the district and township-level law and order restoration councils should not neglect the rice distribution condition at cooperative shops. They should view distribution of rice to consumers as their important duty, ensuring that consumers have their full rights.

He said while he has the opportunity he would like to tell the merchants from here that it is necessary to walk correctly on the economic path laid down by the state and it is about time to stop the method of operating under external influence with an intention of creating difficulties for the state government. If they do not stop, the government will have to stand on the side of the consumers in accordance with the third of its three remaining tasks, that of ensuring to ease the people's need for food, clothes, and shelter, and they will have to bear the consequences. Although it is the market economy, there should not be excess greed, and the interests of the public should be considered.

He said that a major country, which comes first in starting fires, but comes last in extinguishing fires, is trying to start a fire in our country with the intention of disintegrating our country. Therefore, he urged the district and township law and order restoration councils to have vigilance with regard to security and intelligence in performing their work.

Brunei, Malaysia & Singapore

Malaysia

Prime Minister Comments on Clinton's Victory

BK0411135292 Kuala Lumpur Radio Malaysia Network in English 1330 GMT 4 Nov 92

[Text] Datuk Sri Dr. Mahathir has congratulated Mr. Bill Clinton on his clear-cut victory in the presidential elections, hoping the new leadership will look at the proposed East Asia Economic Caucus, EAEC, with less emotion. The prime minister, answering questions by newsmen in Kuala Lumpur, expressed the hope that the Democrat leader will not be frightened with the proposal of a simple forum, which is not a trade bloc. He pointed out that the U.S. presidential election campaigns concentrated on domestic issues. There was little emphasis on foreign affairs. Malaysia will have to wait until more is known about the foreign policy line will be [word indistinct] by the new administration.

Commenting on the human rights stand and environment issues raised by Mr. Clinton in his campaign, Datuk Sri Dr. Mahathir said the new president will have to look into the human rights and environment records in the United States first. He should not attempt to export ideas and standards to other people. The prime minister attributed the defeat of Mr. George Bush to his concentration on foreign issues and his neglect about domestic matters, including the economy. This could be due to the role of the former U.S. secretary of state, Mr. James Baker. Datuk Sri Dr. Mahathir added that with the defeat of Mr. Bush, it would be good that Mr. Baker is now put out of the picture.

Deputy Prime Minister Ghafar Baba expressed the hope that the new world order idea propounded by the new president would benefit all and not just for the benefit of a small group of nations. He also hoped that Mr. Clinton would play a major role to end the Palestinian problem. The Palestinian people have suffered long enough.

Kuala Lumpur Welcomes Victory

BK0411081292 Hong Kong AFP in English 0454 GMT 4 Nov 92

[Text] Kuala Lumpur, Nov 4 (AFP)—Malaysia welcomed Bill Clinton's victory Wednesday, saying it hopes the United States will act in a "fair manner" now that the Democrat is to become its next president.

Kuala Lumpur is hoping that existing good bilateral relations with Washington "will be maintained and improve under his leadership," deputy foreign minister Abdullah Fadzil Che Wan said.

U.S. investments in Malaysia grew about 18 percent in the first six months of this year to reach seven billion U.S. dollars, according to U.S. officials.

"My only hope is that the U.S., as the only remaining superpower, will rule in a more balanced, fair manner so that the interest and voices of a majority of nations of the world will not only be heard, but also be taken into consideration when it makes any decision concerning the international political and economic arena," Abdullah said.

The Kuala Lumpur stock exchange continued its bullish trend for the fourth consecutive trading day, unaffected by Clinton's win.

"The market has long discounted this factor. There was already general belief that Clinton will be the winner," Mustafa Mohd Nor, executive director and chief economist of Arab-Malaysian Securities said.

Money market dealers said the ringgit firmed against the U.S. dollar after traders sold greenbacks on news that Clinton was emerging as the clear winner.

"They had overbought the greenback and were squaring off," one analyst said.

But Mustafa said Malaysia's trade sector was cautious.

"Everyone thinks Clinton tends to be more of a protectionist, but the positive factor is that he might do more to spur economic growth and take the U.S. out of its economic rut," he said.

ASEAN Warned Against Western Pressure by ILO

BK0311073592 Kuala Lumpur BERNAMA in English 0652 GMT 3 Nov 92

[Text] Kuala Lumpur, Nov 3 (OANA-BERNAMA)—ASEAN should take every effort to resist the move by developed countries to pressure fast developing countries through the International Labour Organisation (ILO) to adhere to their norms.

Making the call, Human Resources Minister Datuk Lim Ah Lek said Tuesday, the developing countries were being pressured by ILO to conform to the norms of the developed countries if they wanted to enjoy trade privileges and other preferences.

Developing countries, like ASEAN, were increasingly being inhibited by new forms of protectionism which came under the guise of attempts by developed countries to force developing countries to comply with rigid labour and human rights standards without taking into account realities and disparities in the developing countries, he added.

In the light of this development, every effort must be made to resist such a move in the ILO, he said when officiating the third meeting of the ASEAN Subcommittee on Labour Affairs (ASCLA) here.

He called on ASEAN to work closely to stem the tide of protectionism and to urge the ILO to take an active role in resisting any restrictive measures aimed at eroding the comparative advantages which developing countries enjoy in their efforts to increase productivity, competitiveness, and steadily expand their export markets.

ASEAN should also be wary of such attempts to use labour standards to disrupt and destabilise the peaceful industrial relations system in developing countries, he said.

Meeting With India Agrees To Expand Cooperation

BK0411043192 Kuala Lumpur BERNAMA in English 0316 GMT 4 Nov 92

[Text] Kuala Lumpur, Nov 4 (OANA-BERNAMA)—India Wednesday confirmed its commitment to purchase 300,000 tonnes of palm oil yearly from Malaysia from next year in the spirit of cooperation between the two countries.

The Indian minister of state for external affairs, Eduardo Faleiro, said the guarantee was also given to make South-South cooperation more fruitful and effective despite improvement in India's domestic oil seeds production.

Speaking to reporters after signing the agreed minutes of the first meeting of the joint commission for bilateral cooperation between Malaysia and India with his counterpart Malaysian Abdullah Ahmad Badawi here, he said no barter deal had been arranged for the purchase of palm oil.

However, there is an understanding known as the evident account under which Malaysia will give us projects or have some other arrangements in which we can balance this (purchase), he said.

Faleiro said India was also keen to increase the total volume of trade between the two countries even though the balance of trade at the moment was in Malaysia's favour.

Balance of trade, quite apart from palm oil, is adverse to us. We don't mind that and we would like to increase the total volume of trade as it is quite low and if possible try to balance it up, he said.

Last year, India exported M.R. [Malaysian ringgit] 781 million (about U.S. $312 million) worth of goods to Malaysia, while its import stood at M.R. 874 million (about U.S. $349 million).

Earlier in his closing remarks, Faleiro said both countries have agreed to strengthen the existing areas of cooperation and diversify into new areas by sharing the strength of each country for the mutual benefit of the people.

He said the meeting had opened new avenues for more rapid growth in commercial and economic cooperation and India was willing to share its expertise in several fields, including power generation, computer, and railways.

When asked to comment on Faleiro's commitment, Abdullah said India will not be left out in projects that involve foreign participation here.

In his speech, Abdullah, who cochaired the meeting with Faleiro, said he was confident that more projects would be won by Indian firms if they continued to maintain their competitive edge, especially in the fields of science and technology, transportation, petroleum, and petrochemicals.

He invited Indian businessmen to invest in resource-based industries, engineering, hotels, and movie making, while urging local investors to get involved in joint venture projects related to tourism industry, manufacturing of automobiles, and food industry.

He also said the success of the first meeting was an encouraging example of cooperation among South-South countries as "being developing countries, we readily appreciate each other's needs and difficulties" by seeking support and cooperation from countries with better strength and development.

The meeting also provided the two countries [with] the opportunity to consult each other on issues affecting the political and security well-being of the region.

The next round of discussions of the joint commission will be held in India next year. Faleiro later called on Prime Minister Dr. Mahathir Mohamed at his office.

Delhi Radio Reports Meeting

BK0311133592 Delhi All India Radio Network in English 1230 GMT 3 Nov 92

[Text] India and Malaysia have pledged to diversify and expand their economic relations. After signing the minutes of the first joint committee meeting in Kuala Lumpur today, the minister of state for external affairs, Mr. Eduardo Faleiro, and the Malaysian foreign minister, Mr. Abdullah Badawi, said that they have identified new areas for further cooperation. Mr. Badawi asked the Malaysian entrepreneurs to invest in hotels, tourism, and automobile industries in India.

Singapore

Goh Hopes Clinton Takes 'Deep' Interest in Asia

BK0411142592 Singapore Singapore Broadcasting Corporation in English 1100 GMT 4 Nov 92

[Summary from poor reception] Singapore hopes that U.S. President-Elect Clinton will take deep and positive interest in East Asia. In a statement, the prime minister, Mr. Goh Chok Tong, said he hopes Mr. Clinton will look at the countries across the Pacific as partners and not as potential adversaries. He said the American people have accepted Mr. Clinton's message that it is time for the U.S. to focus on its domestic economic problems. Congratulating Mr. Clinton on his clear victory, Mr. Goh said Asia would like to see him succeed in liberating the American economy. The U.S. and Singapore share many common interests. The republic looks forward in continuing to work with the U.S.

Lee Hsien Loong Visits Japan, Urges Investment

BK0411053392 Singapore THE STRAITS TIMES in English 4 Nov 92 p 40

[All monetary amounts in Singapore dollars]

[Text] Deputy Prime Minister Brig-Gen [BG] (Res) Lee Hsien Loong is leading an investment promotion mission to Tokyo and Osaka today. It is part of the Government's continuing efforts to promote Singapore as a total business centre.

BG Lee, who is also the Minister for Trade and Industry, will be accompanied by officials from his ministry, the Economic Development Board [EDB], and seven businessmen who are keen to explore business opportunities in Japan.

EDB said in a statement yesterday that the five-day visit is timely, as the Japanese economy is undergoing rapid restructuring.

It would provide an opportunity to understand Japan's long-term economic focus, and its role in the continued development of the Asian economies, EDB added.

During the visit, BG Lee will meet Japan's Deputy Prime Minister and Foreign Minister, Mr Michio Watanabe, and the Minister for International Trade and Industry [MITI], Mr Kozo Watanabe, a separate MITI statement said.

He will also have talks with representatives from leading business groups like the Keidanren, as well as giant conglomerates such as Mitsui and Sanwa.

He last led an investment promotion mission to Japan in April 1990.

The businessmen who will be on the mission include Mr Raymund Lum, executive director of Lum Chang Holdings; Mr Ong Beng Seng, managing director of Hotel Properties Ltd; Mr Sim Wong Hoo, chairman of Creative Technology; and Mr John Wong, group managing director of Hong Leong Corporation.

Also on the trip are Mr Choo Chiau Beng, executive director of Keppel Corporation; Mr Robert Chua, Singapore Manufacturers' Association president; and Mr Kenny Goh, managing director of Ken-Air Leisure Group.

As at end-1990, Japan had invested $7.5 billion in Singapore, making it one of the leading investors here. In the first half of this year, Japanese manufacturers had committed another $423.7 million worth of investments here.

Egyptian Trade Group Wants More Bilateral Trade

BK0411051592 Singapore THE STRAITS TIMES in English 3 Nov 92 p 39

[Text] A team of 17 Egyptian businessmen are in Singapore to promote trade between Egypt and Singapore.

They are also interested in arrangements for the export of Egypt's products to Southeast Asia, including Vietnam and Cambodia.

In an interview with THE STRAITS TIMES, Mr. Adel Gazarin [name as published], chairman of the Federation of Egypt Industries—Egypt's counterpart to the Singapore Manufacturers' Association (SMA)—said the team will seek partners for joint ventures during its four days here.

The delegates led by Mr. Said el-Tawil [name as published], chairman of the Egyptian Businessmen Association, yesterday called on Mr. Lim Boon Heng, senior minister of state (trade and industry). They will meet officials of the SMA tomorrow.

Mr. Gazarin said the trip would focus on developing business ties in the food processing and textile industries.

He said Singapore textile manufacturers would like to consider tapping Egypt's large textile industry which has some way to go before filling up its quota on textile exports to the United States.

In 1990, Egypt exported $40 million [Singapore dollars] worth of food to Singapore, with total trade between Singapore and Egypt touching $254 million [Singapore dollars].

At least three local companies have established ventures in Egypt—Hoe Chong Tin Factory, Gulfeast International, and Aerosupplies.

Mr. Gazarin said that foreign investments in Egypt were boosted after the Gulf war last year. Total foreign investments last year rose 15 percent to U.S. $9 billion (S [Singapore] $14.4 billion).

Cambodia

Hun Sen Gives BBC Interview on Peace Process

BK0411111592 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 2 Nov 92

["Recent" interview with Council of Ministers Chairman Hun Sen by unidentified BBC radio correspondent at the office of the Council of Ministers—read by announcer]

[Text] [BBC] The peace agreement is now one year old, that is, since the return of His Royal Highness [HRH] Prince Norodom Sihanouk. Mr. Prime Minister, do you think this process was a promising one or was it unpromising? What do you see now?

[Hun Sen] To tell the truth, when we started we seemed to be very optimistic. However, through observation, to this point the process has been neither too promissing nor too gloomy. The situation requires that we be very careful. Otherwise, we might not find anything that can be called optmistic. Without prudence, we might get bogged down in a political solution. In saying this, I tend to be too direct in my language, but I am only trying to be realistic.

[BBC] Mr. Prime Minister, you just mentioned the possibility of getting bogged down in a political solution. What do you mean by that?

[Hun Sen] It means that we should know our attitude toward the Khmer Rouge. If we keep pampering the Khmer Rouge as we are doing now, will we get bogged in the Khmer Rouge mire? It is true that the latest UN Security Council resolution was one of the best. But the problem is whether we can implement it. For instance, regarding the mandate of UNTAC [UN Transitional Authority in Cambodia] to be deployed in Cambodia, will UNTAC be brave enough to implement it? Or will it have to wait for permission from the Khmer Rouge? UNTAC came into our areas without asking for permission to do so. Anyway, we did not want UNTAC to ask for permission because that is part of UNTAC's mandate as stipulated in the Paris peace agreement. However, we want UNTAC to do the same with the Khmer Rouge areas. How far do we have to go to please the Khmer Rouge? Or do we have to come up with any other measures? The key is now in the hands of the Security Council. Therefore, our success or failure will depend on that.

[BBC] Do you think the implementation of the Paris agreement will continue if the Khmer Rouge keep refusing to go along and UNTAC keeps failing to be deployed in Khmer Rouge-held areas and if the Khmer Rouge refuse to join the elections?

[Hun Sen] In my opinion, we can always implement the agreements. Let us presume a situation in which the Khmer Rouge refuse to take part in the agreements. In such a situation, we have two choices: First, UNTAC should stay here indefinitely or it should pull out of Cambodia. This would be a serious failure. Therefore, we are left with only one other option, that is, an election without the participation of the Khmer Rouge. This would not be the best thing to do, but it would help save the agreement from total collapse. I would like to tell you, however, that this second choice might also be a failure without careful consideration. Presently, there are changing concepts concerning the election. One concept is to expel the Khmer Rouge from the agreement, leaving them aside to roam about as mere rebels. The other concept is to keep them in the agreement while refraining from holding elections in Khmer Rouge-held areas and barring the participation of the Khmer Rouge political party. I think the latter choice may lead toward failure. Why do I say we might fail? There are three reasons: First, the security and safety of the election will surely be inadequate because the Khmer Rouge have their own control zones, Armed Forces, and legitimate political organizations that can take direct actions. Therefore, through all of that, should the Khmer Rouge wish to undermine the elections, they will have all the possibilities to do so.

The second reason is that, according to my observation, Cambodia seems to have already been divided into two parts. This is a very dangerous state of affairs as politically, psychologically, and factually Cambodia has already been divided in two. On the one hand there is the zone that implements the agreement and location of the elections. Besides this Cambodia, there is another Cambodia controlled by the Khmer Rouge. They have control zones, population, armed forces, and a legitimate political party represented in the Supreme National Council [SNC].

The third reason is that the file on the Cambodian problem is far from being closed. It is true that after elections, a new legitimate government will be formed, but this government will be confronted by the Khmer Rouge who have control zones, armed forces, and a political party born out of the legitimacy of the SNC at a time when UNTAC will have to pull out of Cambodia. The inevitable failure here is in the event that the vote-losing political parties rebel and cooperate with the Khmer Rouge. This undeniably is the failure. HRH Prince Norodom Sihanouk himself has predicted that the outcome of the elections will depend on the losers. Thus, the losers and the Khmer Rouge might renew their cooperation and torpedo the election results.

If the Khmer Rouge do not implement the agreement, what should we fear in order to keep the Khmer Rouge outside the agreement and make them the rebels to facilitate the task of the new government?

We are closely monitoring this situation and will determine our attitude accordingly. Will we learn [words indistinct]. Normally, we sincerely implement the agreement, but we certainly are not going to endure [word indistinct] caused by someone else.

In short, I believe that we will hold the elections as scheduled, with or without the participation of the Khmer Rouge. However, on this issue, our success or failure will depend on which attitude we will take toward the Khmer Rouge. If we continue to pamper them, failure will be inevitable.

[BBC] Mr. Prime Minister, you have said we might keep the Khmer Rouge outside the agreement—and after hearing your explanation, I get the impression you want to keep them out of it. Does keeping them outside the agreement mean a return to fighting?

[Hun Sen] Keeping the Khmer Rouge out means weakening them vis-a-vis the factions that implement the agreement. It is keeping them in the process that will make them strong, giving them the legitimacy to attack and making it difficult for us to blame them. Some circles seem to disagree with me on this issue. They think that keeping the Khmer Rouge out will make them mad and cause them to attack. Let me make it clear that the Khmer Rouge are already mad and they attack us while we are inside the agreement. The question is for us to choose between the six million Cambodian people and the Khmer Rouge.

[BBC] In your opinion it seems that it will be risky for UNTAC to stay on. Therefore, in your opinion, if the Khmer Rouge refuse to go along with the implementation we must keep them out of the peace process. What else does this mean?

[Hun Sen] I hope the Khmer Rouge will be kept out and not allowed to function as a legitimate political party in all UN-controlled zones. How come we can impose political, economic, and military sanctions on Saddam Husayn? Many countries have outlawed certain political parties. Why then in Cambodia are those who oppose the agreement not being outlawed? Will we have to negotiate the Cambodia problem until the 21st century? If so, everybody will inevitably become hostage to the Khmer Rouge.

[BBC] I would like to change the topic. The three parties, that is, the Khmer Rouge, Son Sann, and FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Parties question the number of Vietnamese nationals in Cambodia. Is this a real problem or is it merely a matter that has been blown out of proportion just to win votes?

[Hun Sen] This is not a cause. It is only a pretext they have been using in politics. It warrants prudence, for it is on this basis that they will reject the outcome of the elections. The Khmer Rouge have already been using this question to avoid taking part in the agreement's implementation. It is an idea that is favorable to them. UNTAC is now proceeding with the voter registration. Has it ever seen any Vietnamese coming to register for the elections?

[BBC] Mr. Prime Minister, do you therefore question the claim about an overwhelming number of Vietnamese colonists in Cambodia?

[Hun Sen] I have seen the figures that they have submitted. These range from 2.5 million to 2 million or 1.5 million. They are not the right figures, of course. In order to clearly deal with this question, we must go back to the [words indistinct] in 1970. There are many who know where the Vietnamese were living then. In order to tell whether there are Vietnamese as [words indistinct], I only have to cite the example of a province where there were more Vietnamese than anywhere else before 1970. It is Kompong Cham Province. In Kompong Cham virtually all the rubber plantation workers were Vietnamese and the Vietnamese usually lived on the Mekong River banks. Now we should go back and take a look at these localities. We should ask the French who used to administer the rubber plantations what it was like before and what it is like now. At present, in that area, there are only 127 families, whom I just visited a few days ago.

[BBC] I would like to ask you about another issue. The Khmer Rouge have been charging that corrupt practices are rampant. Other groups have also claimed that corruption is widespread. I therefore would like to ask you, Mr. Prime Minister, whether corruption, which is being used at this stage by the Khmer Rouge as one of their political issues, can be prevented.

[Hun Sen] Wherever there is an election campaign or opposition, corruption is always used as a political issue. In a neighboring country, a coup d'etat was even staged to overturn the government on the grounds that it was too corrupt. Parties are known to use the corruption issue against one another. This is also what is happening in Cambodia at present. Let me tell you I do not deny that there is corruption in my government. This problem is not unique to my government alone. It has existed for generations. Corruption can be found in every regime; the important thing is whether you admit it or not, whether you try to rectify the situation or not.

As far as I am concerned, I readily admit it, for this problem has many factors and causes. One thing that I would like to stress is that it is not easy for us to advance in the process of our successive economic reforms. When we give up the old system in order to advance to the new system, we do find the new one but we still lack the law to control it. And many countries that have perfect governing law still suffer from corruption. In such a situation, you can see how difficult an experience it is for us to proceed with the market-oriented economic reform when we lack such governing law. We seriously admit this failure and have devised many emergency measures, a number of which have been taken:

First, we have promulgated new laws concerning socioeconomic management.

Second, we have to study the reorganization of our bureaucracy so it can function more effectively. Some officials are not corrupt, but since they have failed to keep the situation in their areas of responsibility under control they should be transferred.

Third, we need the help of the people to monitor the activities of these officials.

One year of my campaign in this field can be considered a great success compared to past efforts. Of course, I do not claim that everything is now completely clean. However, there does not seem to be a single country that can claim to be corruption-free, even in the small enclaves controlled by other factions [words indistinct]. If asked whether there is corruption in the Khmer Rouge areas, I will have to point out the profits from the gems of Pailin [words indistinct]. Therefore, corruption will always remain a political issue for each party to fight one another. I am a man of the later generation. I understand this problem very well, for I have seen old politicians attack one another over the corruption issue.

[BBC] Now we see that you are experiencing many complex problems, such as inflation and a budgetary deficit requiring additional printing of paper money to cope with this fiscal deficiency. How long will you be able to continue functioning since this monetary oversupply is not desirable?

[Hun Sen] This is a core problem that is vitally important to the functioning of the government at this moment. In the past few months, I have to admit, our inflation rate has turned out to be much higher than expected. This problem is caused by [words indistinct]. Early this year we were in the state of [words indistinct], that is, we did not have money to pay for salaries because we could not print enough money because we did not have a sufficient paper stock to print it on to meet our expenditures. The shortage was beyond all estimates. At that time, we owed the civil servants two to three months in back pay, and some even five months. Moreover, the value of the riel currency then shot up since we did not issue any more money. This can be blamed on our miscalculation. When we lacked money to pay salaries, we were in debt, but when we did have the money, we repaid out debts in full, in lump sums of two, three, or five months of back pay per head. Thus, the amount of money that used to be disbursed lot by monthly lot was multiplied by the number of months and became bloated in value. If at that time we had talked our civil servants into enduring the hardship a little while longer by accepting their dues in installments so that the market would not be flooded with paper money, maybe inflation would not have been as bad as it is today. It is all because of our lack of patience.

Our fight against inflation has borne fruit, especially in September and October. We have taken only two major steps: first, we must increase our incomes and second, we must implement a belt-tightening policy regarding expenses. Concerning the incomes, I would like to say that I have not raised taxes, but I have encouraged the collection of back taxes. As for expenditures, we are going to cut any expenses that are not necessary. Last September, we printed very little money compared with the projected plan. As of the end of October, we are making an all-out effort not to print money at all or to print as little as possible.

At the beginning of the year, we designed a very small budget for national defense [words indistinct] because we thought that we would have to reduce the Armed Forces by 70 percent. But so far we have not yet scaled down our Armed Forces. This requires us to amend the budget and solicit its ratification from the National Assembly which insisted on the smallest deficit possible. Despite the promise of international support at the Tokyo Conference, we have not yet received any funds. We so far [words indistinct].

[BBC] Is this a problem since a number of countries seem to be waiting until after the elections before disbursing their commitments? Is this the most important problem, and do they have to wait like that?

[Hun Sen] I do not understand that either. According to the draft declaration on the supply of aid issued by the Tokyo Conference, this is emergency aid and it also includes aid for the balance of payment as well. I do not understand why these countries are prepared to give aid only after the elections. Will we become another victim of punishment like the Khmer Rouge who refuse to implement the agreement? This is a point that we should consider with prudence as the Khmer Rouge will surely try to get aid from these countries. Some countries have drawn the conclusion that the collapse of Cambodia's economy and its riel currency will completely derail the Paris peace plan.

UN Spokesman Blames Khmer Rouge for Massacre

BK0411064992 Hanoi VNA in English 0609 GMT 4 Nov 92

[Text] Hanoi VNA Nov. 4—Eric Falt, spokesman for the UN Transitional Authority in Cambodia (UNTAC), on Monday affirmed that Khmer Rouge soldiers were found guilty of the massacre of Vietnamese fishermen in Koh Kong, Western Cambodia, last September.

According to an UNTAC investigation team, 15 Khmer Rouge soldiers took part in the massacre and all the fishermen were killed by shots to the head. Mr. Eric Falt said that UNTAC was also conducting investigations into the kidnapping of eight Vietnamese nationals in Kompong Thom by Khmer Rouge soldiers on Oct. 4.

'Petition' on Conditions for Holding Elections

BK0411045192 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 3 Nov 92

["Petition" from a United States-based Cambodian Association; dated 20 September 1992—read by announcer]

[Text] We, the signatories of the petition, wish to express our concern over the serious situation in Cambodia, which will certainly affect the peace process and implementation of the Paris accord.

At present, Vietnamese aggressor forces and illegal Vietnamese settlers continue to remain in Cambodia. Along with this, we are told that those Vietnamese settlers are also entitled to vote in the 1993 elections. So if UNTAC [the UN Transitional Authority in Cambodia] authorizes the Vietnamese settlers to take part in the elections, this means that the United Nations has encouraged Vietnam to Vietnamize Cambodia, thereby rubber stamping the Vietnamese invasion and occupation of Cambodia.

According to the essence of the Paris accord, UNTAC must shoulder a colossal responsibility to Cambodia, especially for the issue of national security. However, there are reports that terrorism, assassinations, and serious human rights abuses are prevailing in Cambodia for the time being. As such, UNTAC's ability is now called into question.

In view of this, we demand that the following actions be urgently taken:

1. UNTAC should verify the total withdrawal of Vietnamese forces from Cambodia.
2. UNTAC should take full responsibility for maintaining national security and preventing human rights violations so as to provide security for the Cambodian people in both Phnom Penh and the provinces.
3. UNTAC should reconduct and complete a demographic survey ahead of the process of elections so as to allow only Cambodians to cast the ballots.

4. It is proposed that measures should be taken in order to ensure that Cambodians abroad are also able to take part in the elections. Therefore, the United Nations should set up polling stations everywhere in the countries where the Cambodians are staying so as to allow the latter to participate in the elections.
5. The UN Security Council must control,supervise, and adopt the boundary recognized before 1970 as Cambodia's official borderline, and Cambodia's sovereignty must be preserved as before.

In sum, we demand that the aforementioned issues be conclusively settled ahead of the elections.

Indonesia, France Preparing Election Proposal

BK0411032992 Bangkok THE NATION in English 4 Nov 92 p A4

[Text] France and Indonesia are preparing a joint proposal for an early presidential election in Cambodia to strengthen Prince Norodom Sihanouk's position prior to a general election, according to informed sources.

The exploratory proposal would be included on the agenda for the next round of peace talks, set down for Nov 7-8 in Beijing, the sources said.

A proposal by Thailand and Japan to set up an assisting body to Cambodia's Supreme National Council (SNC) would also be on the agenda—an idea which was rejected last month by the Khmer Rouge.

Sihanouk, who is currently serving as SNC president, has been accused of siding with the Pknom Penh government and, in international eyes, thereby weakening the council's claim to be truly representative.

The proposed presidential election was intended to give Sihanouk a legitimate, neutral role and allow him to distance himself from Phnom Penh in the lead up to the general election set down for next May.

It is understood the proposal received some support from members of the "core group" of Paris peace accord signatories in New York early last month during discussion of ways to bring the Khmer Rouge into the peace process.

The group comprises representatives of UN Security Council's five permanent members plus Germany, Australia, Thailand, Japan and Indonesia.

The sources said France and Australia were in favour of the proposal and Thailand had agreed in principle, but some other countries had expressed reservations.

Proponents of the idea had argued that the UN Transitional Authority in Cambodia (Untac) mandated by the peace plan to supervise peace and order during the transitional period had failed so far to fulfil its role as "a stabilizing force" over the four warring factions.

They said if Sihanouk was elected President of Cambodia, as expected, he would be better placed to help Untac fulfil its task.

The Khmer Rouge last week reacted coolly to a Thai-Japanese proposal to set up an administrative consultative body to strengthen the working relationship between the SNC and Untac.

In June the Khmer Rouge called for a more powerful role for Sihanouk and the SNC in return for its compliance with the disarmament and cantonment phase of the peace plan, which has already passed its August dateline.

Meanwhile, Foreign Ministry spokesman Sakthip Krairoek said SNC key figures as well as the representatives of the "core group" had confirmed their participation in this weekend's special meeting in Beijing.

Sakthip said Sihanouk [who is currently in Beijing], Phnom Penh Premier Hun Sen, Prince Norodom Ranariddh of the Sihanoukist faction, Khmer Rouge leader Khieu Samphan and Khmer People's National Liberation Front leader Son Sann will be among the key participants.

Non-Cambodian participants would include ambassadors and diplomats based in Phnom Penh.

Sakthip said Thailand supported the proposal and Foreign Minister Prasong Sunsiri would attend the meeting if necessary.

Prasong told ministers from European Community countries at the Asean-EC ministerial meeting in Manila last week that an all-out effort should be made to include the Khmer Rouge in the peace process, which could collapse without ts support.

French Foreign Minister Roland Dumas and his Indonesian counterpart Ali Alatas, as co-chairmen of the Paris International Confererice on Cambodia (Picc), have been given a mandate by the UN Security Council to seek a solution to a current stalemate caused by the Khmer Rouge's refusal to participate in the peace process, and to report back to UN Secretary General Butrus Butrus-Ghali by Nov 15.

Termination of Phase Two of Cease-Fire Urged

BK0411091792 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 3 Nov 92

[Station commentary: "Khmer Rouge Are Always the Khmer Rouge"]

[Text] The 31 October deadline set by the UN Security Council for Thailand and Japan to negotiate with and coax the Khmer Rouge to return to the track of the Paris accord has elapsed. The date also represents the failure of the joint efforts exerted by the two countries.

Once again the Khmer Rouge brought into question preconditions for the purpose of blocking the negotiation process. Mr. Khieu Samphan failed to respond to the Thai-Japanese proposal on setting up administrative consultative committees called ACB or CC. He only read out the Khmer Rouge's so-called two key conditions and did not go into any discussion at all.

We distinctly know the faction. The Khmer Rouge are always the Khmer Rouge; they remain unchanged and are widely known as the personification of recalcitrance.

Now, various milieus are focussing attention on a meeting to be held by the Supreme National Council [SNC] with UNTAC [UN Transitional Authority in Cambodia] and the cochairmen of the Paris conference in Beijing soon. However, it is hopeless that a positive result will be achieved at the meeting because a Khmer Rouge official has disclosed that Mr. Khieu Samphan will continue to talk about the same two core issues at the Beijing meeting. Anyway, what we expect is a large-scale offensive to be launched by the Khmer Rouge this dry season to further cause suffering and loss to the innocent Cambodian people.

While the administration of the State of Cambodia was in the process of regrouping troops, storing armaments in warehouses, reducing and demobilizing its forces by 70 percent, and allowing some 40,000 combatants to temporarily return to civil life, the Khmer Rouge continued to regroup troops and ship heavy weapons, tanks, and ammunition to the areas controlled by the SOC in preparation for this dry season's offensive with the aim of cutting off and isolating the Provinces of Kompong Thom, Siem Reap, and Preah Vihear. As a matter of fact, the first indication of the onset of the Khmer Rouge offensive is the blowing up of two bridges at the common border of Kompong Thom and Kompong Cham Provinces.

We are extremely concerned about the future destiny of the Paris accord. If the situation concerning the Paris accord's implementation is allowed to evolve unevenly, this will create an imbalance of force between the party refusing to execute the accord and those abiding by the accord. That being the case, to make sure the accord is further implemented, a clear-cut attitude should be taken towards the Khmer Rouge in both political and military aspects.

For the time being, an election to choose a president or a head of state should be organized ahead of a legislative election since this is the only possibility that can motivate the Cambodian people to exert their right of self-determination through free elections. Along with this, the second phase of the cease-fire should be put to an end to avoid the increasing loss of balance of force between the party executing and those not effecting the accord. Besides, the extent of the SOC side's goodwill and fortitude is also limited. The international community should use its influence and take all possible actions to end the military violations by the Khmer Rouge against what they have signed and agreed to.

It is impossible for the SOC to accept the fact that, although they continue to seriously breach the accord, the Khmer Rouge are able to preserve their military structure for use to shell and attack the innocent people and the SOC everyday. Moreover, they are also able to maintain their political structure within the SNC to oppose and block every process of implementing the peace plan and the project of rehabilitating the country and nation.

UN's Akashi Urges Restraint in 'Uneasy Peace'

OW0411132392 Tokyo KYODO in English 1245 GMT 4 Nov 92

[Text] Phnom Penh, Nov. 4 KYODO—U.N. Representative in Cambodia Yasushi Akashi called upon contending factions Wednesday for military restraint amid signs the uneasy peace process has reached an increasingly testy impasse.

The head of the U.N. Transitional Authority in Cambodia (UNTAC) noted that U.N. observers have reported an increase "in number and severity" of ceasefire violations that included the movements of forces by one faction or another aimed at increasing control over territory.

Akashi called on all parties to respect the peace process signed by the four factions in Paris in October 1991 ending more than a decade of war.

On Tuesday, the Vietnamese-backed Cambodian Government in Phnom Penh asked U.N. authorities to call off the ceasefire agreement and permit them to rearm since the Khmer Rouge guerrilla faction has refused to comply with the second phase of the peace accords.

The government faction has warned that Khmer Rouge guerrillas were preparing to launch a new offensive with the coming of the dry season in November and has reported a number of rocket attacks and highway blasts they blamed on the Khmer Rouge.

On Wednesday, Akashi said the peace process has reached "a particularly delicate stage" and conceded that the canton, disarm and demobilize phase of the ceasefire has "not taken place as envisaged."

He said, "All parties must refrain from building up their forces or making military aggressive moves."

Akashi held out hope for Cambodian elections scheduled for next May and noted that people are now registering to vote in "hundreds of thousands" and "must be allowed the chance to make their voice heard, free from intimidation or fear of conflict."

He added no Cambodian party has the right to deny the Cambodian people the opportunity to take control of their country and their destiny through free and fair elections.

Diplomatic Corps Congratulates Sihanouk 31 Oct

BK0111115392 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 1 Nov 92

[Text] Their Excellencies the ambassadors and charge d'affairs from 22 embassies in Cambodia went to congratulate His Royal [HRH] Highness Prince Norodom

Sihanouk, head of state and chairman of the Supreme National Council of Cambodia, on his 70th birthday in the Tevea Vinichhay throne hall at 1100 on 31 October.

After HRH Prince Norodom Sihanouk and the princess consort accepted messages of greetings and mementos from the diplomatic corps, the prince deeply thanked the governments of friendly countries which have contributed to the reconstruction of Cambodia. He also conveyed thanks to Their Excellencies Butrus Butrus-Ghali and Yasushi Akashi—the head of UNTAC [UN Transitional Authority in Cambodia]—who have participated actively in the search for peace for the Cambodian people.

His royal highness also told the envoys about the efforts by the Cambodian People's Party to correctly implement the peace accord, adding that only the Khmer Rouge have refused to respect the Paris peace accord and violated the Cambodian people's rights. The prince added that he will do whatever he can in the interest of national reconstruction as he wants to see Cambodia with a democratic political system and a free-market economy, and the SNC join hands with the five major powers, H.E. Yasushi Akashi, nongovernmental organizations, and the International Committee of the Red Cross to assist in rehabilitating and reconstructing the country.

Laos

Preparations for Elections in Provinces Outlined

Vientiane, Khammouane Report

BK0411043792 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 3 Nov 92

[Text] Recently, Vientiane Province held a meeting to evaluate political campaigns carried out in preparing for the election of members to the Third National Assembly. The meeting was chaired by Mounkeo Olaboun, chairman of the Vientiane Provincial Election Committee.

Apart from mapping out a work plan for the third stage of preparations for the National Assembly election, the meeting also assessed outcome of political campaigns carried out in the second stage. The meeting was informed that such activities were carried out amidst an active atmosphere in all localities. Most of the ethnic people were enthusiastic to learn about and obtain information which would constitute an essential foundation and conditions for the election of the third National Assembly scheduled to be held in the near future.

The provincial election committee reported that Vientiane Province has already completed the population census and collecting related data and statistics. Vientiane Province has a total population of about 300,000 citizens, including 134,812 eligible voters. Throughout the province, there are altogether 65 election zones making up a total of 282 polling units in 551 villages.

According to reports from Khammouane Province as of 2 November, political campaigns in preparation for the election of the Third National Assembly have been continuously carried out in the third stage. Regarding statistical figures, Khammouane Province has a total population of 236,764, including an estimated number of 118,756 eligible voters. There are a total of 221 polling units in eight districts throughout the province.

Savannakhet Province Reports

BK0411055792 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 4 Nov 92

[Summary] Khammin Sisoulat, member of Savannakhet Province Party Committee and vice chairman of the Savannakhet Province Election Committee for the Third National Assembly, reported that political campaigns in the province in preparing for the election of members to the Third National Assembly in the second stage have been completed and have entered the third stage.

"A total of 19 candidates nominated from the province and the center—15 from the province—will run for the election. Of that number, 13 will be elected through casting of votes as members of the Third National Assembly," he said.

"Savannakhet Province consists of 12 districts made up of 153 cantons and 1,660 villages. The province has a total population of 612,872 citizens, including 289,958 eligible voters. Throughout the province there are a total of 487 polling units," reported the provincial election committee vice chairman.

Sayaboury Province Reports

BK0411074292 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 4 Nov 92

[Summary] Lian Thikeo, deputy governor of Sayaboury Province and chairman of the Sayaboury Province's Election Committee for the Third National Assembly, reported that political activities have been continuously carried out through provincial election committee and district election committees in all five districts in preparing for the election.

"At present, there are a total of 90,329 eligible voters, including 46,374 women, out of a total population of 193,590 citizens in the Province of Sayaboury," he reported.

Political activities have been carried out systematically among people of all walks of life in various localities from village to district levels. Therefore, it is expected that the election in the province will be successfully held, he concluded.

Party, Foreign Ministry Group Leaves for SRV

BK0411141092 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 4 Nov 92

[Text] In response to an invitation from the Foreign Relations Committee of the Communist Party of Vietnam Central Committee and the Foreign Affairs Ministry of the Socialist Republic of Vietnam [SRV], a delegation of the

Foreign Relations Committee of the Lao People's Revolutionary Party [LPRP] Central Committee and the Foreign Affairs Ministry of the Lao People's Democratic Republic [LPDR] led by Comrade Thongloun Sisoulit, member of the LPRP Central Committee, deputy head of the Foreign Relations Committee of the party Central Committee, and deputy minister of foreign affairs has left for a friendship visit to the SRV. The visit is scheduled to take place from 1 to 13 November.

Philippines

Ramos Comments on Clinton Victory, U.S. Ties

HK0411094292 Manila DZXL Radio Mindanao Network in Tagalog 0745 GMT 4 Nov 92

[News conference by President Fidel Ramos with unidentified reporters in Malacanang Palace, Manila—live; broadcast in progress, in English]

[Excerpts] [passage omitted] [Ramos] Before we go any further, may I just read this statement that you might consider meritorious. This is my message to the new President-elect of the United States, His Excellency William Clinton:

4 November 1992.

Dear Mr. President-Elect:

On behalf of the Government of the Republic of the Philippines [RP] and the Filipino people, I extend to you my warmest greetings and heartfelt congratulations on your election as the president of the United States of America, in a victory that is well deserved, coming as it is from one of the most closely contested presidential elections in American political history against two worthy opponents.

Having gone through a similar electoral experience recently, the Filipino people share in your people's joy and pride at this time of democratic triumph.

You and I know that winning the elections is only the beginning, for all of us much remains to be done, especially for your country, which continues to play a most influential role in world affairs and Asia-Pacific regional concerns.

As you chart a new course for the United States, the Filipino people hope that the historic ties between our two countries will grow even stronger and move toward a new era of RP-U.S. relations based on economic cooperation, mutual support, and democratic commitment.

My countrymen, along with the more than 2 million Filipino-Americans who consider the United States their second home, wish you all success.

[Signed] Fidel V. Ramos.

We will issue copies of this, together with the statement that then-Governor Bill Clinton of Arkansas addressed to the Philippines and to your new president here on the occasion of my election.

Maybe you don't have a copy of this. [preceding sentence in Tagalog] [laughter] [passage omitted]

[Reporter] Secretary De Villa said access will no longer be discussed in the upcoming Mutual Defense Board meeting. Does that mean that the [word indistinct] has been dropped?

[Ramos] I am not so sure because I am not now part of that. But what I asked Secretary de Villa to make sure of was that a joint statement is issued after the meeting tomorrow, so that the positions of both countries will be made very clear.

[Reporter] What is your position, sir, at this point on the idea of access?

[Ramos] My position is in this letter to Bill Clinton, and his position is indicated in this statement on my election now. I would like to read something very very significant in this statement. You know this exchange of notes between two presidents could very well become the framework of a new era of RP-U.S. relations.

So this is what Governor and now President-Elect Clinton said, among other things. These are the key paragraphs:

These economic realities will require the United States and other countries to meet pressing needs at home. We must review our foreign assistance programs to ensure that they are efficient and reflect the interest and values of American taxpayers. But meaningful bilateral and multilateral assistance to the Philippines at this critical juncture must be retained.

Such assistance is important to fuel the Philippines economic recovery and enable the country to emerge as a regional economic leader.

Given our shared history, democratic values, and strong cultural ties, the United States and the Philippines have established a solid foundation upon which a lasting friendship and partnership on a range of mutual interests can be sustained.

This statement is dated 5 August 1992. It was sent to me through the secretary of foreign affairs by Mrs. Marilou Mabilangan Haley, a Filipina married to an Arkansan, the director of communications of the Arkansas Industrial Development Commission, who is also on the Clinton presidential campaign staff. She is the sister of Ambassador Felipe Mabilangan, who is now our ambassador to Beijing.

So you can see that immediately there is already a close tie that can be the basis of the fulfillment of our mutual interests.

[Reporter] Sir, how about indications that Mr. Clinton might become more protectionist than Mr. Bush?

[Ramos] No, I don't think we can make any conclusion at this stage. We're too early in the game.

[Reporter] Good afternon, Mr. President. Sir, are you more optimistic now that the Philippines will get a better deal from Governor Clinton?

[Ramos] I am always optimistic, whoever is the winner in the U.S. presidential elections. He said this in the beginning, and it's coming out that way.

[Reporter] In terms of better treatment for the Philippines in access to trade and increase or restoration of previous aid being given by the U.S. to the Philippines?

[Ramos] Again, our thrust is not to ask for more aid but to be given all the opportunities to increase trade with all the countries that we deal with, and of course for our own accelerated economic development also—more foreign investments, more tourism. That is why we're laying the groundwork for all of that here in the Philippines. Which means accelerating our power development program, increasing our oil exploration efforts, putting up of more tourist accommodations and destinations of a world class standard—and these are coming up—and maintaining a better condition of peace and order.

Senators, Communist Leader React

HK0411053492 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 0400 GMT 4 Nov 92

[Text] Several senators have expressed joy over Clinton's lead in the U.S. presidential elections. Senators Blas Ople and Rodolfo Biazon said the election results indicate a brighter future both for the Philippines and the world. Biazon hopes that Clinton's victory would improve U.S.-Philippine ties, while Ople opined that Clinton's victory would greatly enhance world trade.

On the other hand, communist leaders have a different reaction to Clinton's victory. Here's Vicky Robles of Patrol 15 [mobile unit] with the details.

[Begin recording] [Robles] U.S. policies toward the Philippines will not greatly change despite the victory of Democratic candidate Bill Clinton in the U.S. presidential elections. Satur Ocampo, former Communist Party of the Philippines-New People's Army chief, said the United States would continue to exert its influence over Philippine politics; hence all efforts geared towards preventing this must continue. However, Ocampo is optimistic that with Clinton's priorities focused on salvaging the U.S. economy, the United States would be more decisive in withdrawing its remaining forces abroad. Ocampo hopes that Clinton, like his Democratic predecessor, Carter, would improve the U.S. human rights record and actively campaign for the protection of human rights in other countries as it is the Democratic Party's tradition to protect human rights in different parts of the world. Here is Mr. Ocampo with his reaction to Bill Clinton's lead:

[Ocampo, in English] Clinton, like President Carter before him, is very strong on advancing human rights in his foreign policy. And also because of the inward-looking policy of [words indistinct] the resurgence of the American economy, there would be an expected acceleration of American withdrawal of their troops abroad. And this will [word indistinct] the question of American military access to the Philippines. [end recording]

Paper: U.S. Elections Have Little Impact

HK0411050992 Manila MANILA STANDARD in English 4 Nov 92 p 8

[Text] Ever since Theodore Roosevelt, Filipinos have acted as if the results of the US presidential elections will have a major impact on the Philippines. This attitude was justifiable before the Philippines was granted independence in 1946; during that period of "American tutelage," the Democratic Party was more sympathetic to the idea of Philippine independence than the Republican Party was. This is the historical experience that makes many Filipino politicians and political commentators assume that the Philippines will get a better deal from the United States when the Democratic Party controls the White House.

This "traditional wisdom," however, is not strongly supported by our history since 1946. Since then, US policy toward the Philippines has been dictated by the overriding interest of keeping its military bases—regardless of whether the Democrats or the Republicans controlled the White House.

The presence of these military bases gave the US Department of Defense a major say in US policy toward the Philippines. The US military was guided by the simplistic notion that whatever was good for the bases was good for the United States. In contrast, the Philippines enjoyed only a fluctuating priority in the agenda of the US State Department. And so, regardless of which party was in power, the thinking of the US Defense Department tended to dominate US policy toward the Philippines.

With the removal of the US bases, we should expect only a low priority for the Philippines in the US foreign policy agenda. At best, the Philippines will just be another one of those developing countries seeking trade and aid from the United States. In any case, the United States has severe economic problems of its own; it is less willing and less able to play the role of international donor.

Under these circumstances, we shouldn't act as if the results of the US presidential elections will have any major impact on the Philippines. Since the Philippines no longer looms large in US foreign policy, the outcome of the US presidential elections will have just about as much impact on us as the national elections in the countries that are our major trading partners or our major sources of assistance.

But old ideas die hard. As the people of the United States cast their ballots in this presidential election, many politicians and political commentators here are predicting that the Philippines will get a better deal from the United States if Governor Bill Clinton, the Democratic Party candidate, defeats President George Bush.

Part of the reason for this belief seems to be our tendency to regard US politics as very similar to our own. Some commentators argue that the Philippines will get a better deal under a Clinton administration because a lot of Filipinos traditionally vote Democratic. It may be true that the victor rewards his supporters with political spoils, but the spoils system does not extend to rewarding these supporters' respective countries of origin.

One wonders, however, whether a major reason for predicting a better deal from a Clinton administration is our own wishful thinking. Given all our problems (which we like to attribute not to our own shortcomings but to those hardhearted people in the World Bank), many of us unconsciously wish that the United States elects a President who will give the Philippines a free ride.

Of course, no US President is about to give the Philippines (or any other country, for that matter) a free ride, but in our wishful thinking, we are extremely receptive to any sign that suggests a special sympathy toward the Philippines—even the trivial fact that a Filipino woman occupies a high rank in Mr Clinton's campaign staff.

Official Concerned Over Arms from Afghanistan

HK0311125492 Quezon City ABC-DWET Television in Tagalog 1000 GMT 3 Nov 92

[From "ABC-DWET News Program"]

[Text] Three thousand five hundred arms were unloaded in Mindanao allegedly to be used by Muslim rebels in the coming Muslim autonomous region election. The arms came from Afghanistan.

Senate President Neptali Gonzales learned about this matter after meeting with President Ramos in Malacanang today. Gonzales said the government is very concerned over the huge arms shipment, as it could affect the election in the Muslim autonomous region.

The Commission on Election has a plan to postpone the election scheduled for early part of 1993.

[Begin Gonzales recording in English] The only information that I was able to get is the fact that this arms were bought at a lower rate, probably from Afghanistan. [end recording]

Paper Reports Arms Shipment

HK0411042092 Manila PHILIPPINE DAILY INQUIRER in English 4 Nov 92 p 8

[Text] Defense Secretary Renato de Villa yesterday said military agents have monitored a big arms shipment from Afghanistan were recently received by Muslim rebels in Cotabato. [sentence as published]

De Villa declined to give an estimate of the number of firearms smuggled into Mindanao but an intelligence report from the Southern Command indicated that the shipment consisted of as many as 3,500 high-powered guns.

De Villa said the arms shipment was intended for the Moro Islamic Liberation Front [MILF] one of three Muslim factons fighting for self-rule in Mindanao.

"We could not confirm the number (of firearms shipped), but we can confirm that there have been some injection of firearms in Cotabato area," De Villa said at the Inter-Continental Hotel in Makati after briefing a group of businessmen on national security and the progress of the government's peace initiatives.

"From the looks of it, it looks like the MILF rebels were the ones (behind the shipment)," he added.

De Villa said he had ordered the military in Cotabato to determine how many guns were smuggled in, the origin of the shipment, and the recepient.

Military intelligence officials said the guns could have come from Afghanistan, a source of Soviet-made firearms following the end of the Soviet occupation of the Muslim nation.

But De Villa allayed fears that the arms shipment in Cotabato will affect the ongoing peace process.

Ramos Rejects NDF Demand for Belligerent Status

HK0311112892 Manila PHILIPPINE DAILY INQUIRER in English 3 Nov 92 pp 1, 6

[Report by Cynthia D. Balana]

[Text] The government will not grant belligerency status to the National Democratic Front (NDF) for the start of the peace process with communist insurgents, Press Secretary Rodolfo Reyes said yesterday.

Reyes said President Ramos did not recognize the NDF as a belligerent state or a co-equal of government in the peace talks since it has not met some of the requirements for belligerency.

But the President was determined to explore all possible avenues to end the 23-year communist insurgency in the country, Reyes said.

"I think the government will stick to its previous position," he said. "Based on past pronouncements of the

President, I think the government will maintain its position not to grant them (NDF) that status."

National Unification Commission [NUC] Chairman Haydee Yorac also said the NUC will not allow the NDF to acquire belligerency status because this would put it "on equal footing with the government before the international community."

However, a reliable source said Yorac personally favored a total, absolute and unconditional amnesty for all rebels.

The source said she has informed the President of her personal stand on this and he had told her he would keep an open mind on it.

Meanwhile, a document obtained from sources in the NUC said communist rebel leader Gregorio "Ka [comrade] Roger" Rosal has met with a member of the NUC in Lucena City.

During the meeting, Rosal presented several counterprpopsals to the on-going peace process. Rosal heads the Melito Glor Command operating in the southern Tagalog region.

NDF vice chairman Luis Jalandoni, who is based in The Hague, said in an interview in Canada with the Ontario-based Philippine Reporter said the status of belligerency has been acquired by the NDF "through 23 years of revolutionary work."

Thus, he said, the NDF was no longer what the Philippine government regarded it to be—as mere insurgents and, therefore, an internal police problem.

"The government and the NDF are now two belligerents who have been fighting for 23 years," Jalandoni said.

The President has said his decision to talk peace with the NDF was meant to end the insurgency war and achieve lasting peace.

In the case of the Moro National Liberation Front (MNLF) under Chairman Nur Misuari, Reyes said it was fighting a different war and was neither an insurgent nor a belligerent.

Reyes said the government was negotiating with the MNLF as a secessionist group in the hope of ending the Mindanao conflict.

On the meeting between Rosal and the NUC member, the report said Rosal's proposals included a cessation of military operations, the grant of absolute amnesty to all detained insurgents and political detainees, and the implementation of a genuine agrarian reform program.

Rosal stressed, however, that he would abide by the decision of the central committee of the Communist Party of the Philippines (CPP).

Former MNLF Official: 'Give Peace a Chance'

HK0311112992 Manila MANILA BULLETIN in English 3 Nov 92 p 18

[Text] Cotabato City—Almad Bayam, former Moro National Liberation Front (MNLF) assistant general, appealed yesterday to Nur Misuari, MNLF chairman, to give peace a chance and abandon his attempts to establish a state of belligerency for the MNLF because the Tripoli Agreement and the 47-nation strong Organization of Islamic Conference (OIC) are committed to the indivisibility of the Republic of the Philippines.

Bayam, who had earlier given up to the government, served as assemblyman of the defunct Legislative Assembly of Autonomous Region XII and is now a businessman. He cited Article 16 of the Tripoli Agreement which specifies that its implementation "shall avail itself of all the processes provided for in the Constitution of the Philippines" and Resolution No. 4, adopted by the OIC in its annual meeting in Kuala Lumpur in 1974, stressing that "the Muslim problem in Southern Philippines shall be resolved within the context of Philippine sovereignty and territorial integrity."

"Misuari's demand that peace talks between the Philippines and his group be held abroad under the auspices of the OIC is useless and it is best for him to lay aside his agenda to establish a state of belligerency for the MNLF," Bayam said.

"At this point in our history, we should have the humility to accept the things we cannot change and the courage to change the things we can. We should give peace a chance and join hands with the rest of the citizenry who are behind President Ramos in his efforts for true national reconciliation with the end in view to alter our fragmentary attitudes into national unity," Bayam said.

Military Seizes 'Huge' NPA Ammunition Cache

HK0311115892 Manila MANILA STANDARD in English 3 Nov 92 p 2

[Report by Arkhon Antolin]

[Text] Military intelligence agents raided a New People's Army (NPA) armory in Lanao del Sur on Thursday and confiscated a huge cache of ammunition, virtually crippling the communist movement in the province.

Camp Aguinaldo said yesterday that local police and military authorities promptly alerted troops after receiving information that the NPAs were gathering for a retaliatory attack on key government installations.

The NPAs were also reported poised to conduct ambushes on police and military personnel.

Army soldiers seized thousands of rounds of ammunition for M-16 rifles and grenade launchers during the raid on a rebel safehouse situated between Lanao del Norte and Misamis Oriental.

Brig. Gen. Raymundo Jarque, commander of the Army's 1st Infantry Division [ID] based in Pagadian City, said they confiscated 2,680 rounds of M-16 bullets, 424 rounds of M-14 bullets, 24 rifle grenades, 20 short magazines for M-16 rifles, two M-14 magazines, one M-16 bandolier and another M-79 grenade launcher bandolier.

No arrest was made during the operation by operatives of the 1st ID led by Capt. Melquiades Feliciano.

Jarque said Feliciano's men found the ammunition stacked clandestinely in the house of a suspected rebel whose name was not immediately released.

Army intelligence agents said the rounds of ammunition were for distribution to different guerilla fronts of the Western Mindanao Revolutionary Committee. The cache was discovered following tips from underground sources.

Jarque said the seizure of the rebel ammunition was another crippling blow to the communist movement in the region, already faced with dwindling resources.

Report Shows Soldiers Outnumber Rebels 16 to 1

HK0311115992 Manila PHILIPPINE DAILY INQUIRER in English 3 Nov 92 p 9

[Text] Government forces outnumber insurgents 16 to one, but the military wants to increase the number of militiamen amid persistent clamor for their abolition.

Despite the waning communist threat and the Ramos peace offensive, the military is also seeking a 1993 budget of P20.9 billion [Philippine pesos] the third biggest allocation—next only to debt service and education—and a whooping P300 billion for a 15-year modernization program.

During House deliberations on the budget of the Armed Forces last week, Rep. Edcel Lagman (LDP [Struggle of Filipino Democrats], Albay) interpellated appropriations committee chairman Rep. Rolando Andaya (Lakas [Strength], Camarines Sur) to point out the "lopsided logic" in maintaining the Citizens Armed Force Geographical Units [CAFGU].

Minority Floor Leader Hernando Perez (Batangas) and Rep. Joker Arroyo (Makati) also trained their guns on the CAFGUs in deliberations last Tuesday.

From Lagman the exchange between and Andaya, [passage as published] it was learned that the controversial CAFGUs now number 79,000,—more than double the original membership of 37,670 when they were first organized in 1988.

In an earlier hearing, Army chief Lt. Gen. Arturo Enrile, said the communists are now down to 13,000, men from their "peak strength" of 26,000 in 1986.

At present levels, these figures mean that there are six CAFUSs out to combat one communist rebel.

But the "war" would even be more lopisded if the AFP [Armed Forces of the Philippines] is taken into account, since it is the primary force dealing with the insurgents and the CAFGUs are merely in a supporting role.

Andaya said the AFP has a troop strength of 129,350 although he stressed that the AFP is not merely dealing with the insurgents.

At a combined force of 208,350, the AFP and the CAFGUs would have a superiority of 16 to 1 over the insurgents.

Andaya said the reson for the substantial decrease in insurgents is the increasing number of CAFGUs every year.

He said the CAFGUs are needed as "holding forces" to prevent the return of communists to barangays that have been "liberated."

The AFP originally sought a P1.07 billion budget for the CAFGUs next year, which Lagman pointed out is bigger than the budgets of the departments of labor, justice, social welfare and NEDA [National Economic Development Authority].

The budget includes a P30 million provision to hire 2,000 more next year for a total of 81,000 CAFGUs.

But knowing that would raise a furor, Andaya removed that P30 million so the present CAFGU membership would just be maintained, not increased.

Peace Initiative Gets Mixed Reactions from Left

HK0311120092 Manila BUSINESS WORLD in English 3 Nov 92 p 10

[Report by Wilfredo G. Reyes—italicized passages published in Tagalog]

[Text] Two ranking insurgent leaders issued apparently divergent responses to two officials of the National Unification Commission (NUC) who sought their views on the NUC's proposed 10-point agenda for peace talks.

Ex-NPA [New People's Army] chieftain Romulo Kintanar, who met NUC chairman Haydee Yorac recently in a Chinese restaurant in Greenhills, expressed support for "the reviewed agenda for the peace talks...so long as the NUC did not significantly alter the nature of the joint declaration." He declared President Ramos's approval of the document as "a good starting point for peace talks."

Mr. Kintanar added some of his comrades shared his views, but clarified CPP [Communist Party of the Philippines] chairman Jose Maria Sison and NDF [National Democratic Front] chairman Luis Jalandoni had the final say in this regard.

"*I have had talks with comrades in the movement, and they said the 10-point agenda of the NUC is okay,*" Mr.

Kintanar said. "*I am just waiting for the approval of* Jose Ma. Sison and Luis Jalandoni."

However, CPP/NPA Melito Glor Command chief Gregorio "Ka Roger" Rosal, who met with a still undisclosed NUC leader in Lucena City, issued three counterproposals, namely: that Government cease all military operations, that it grant absolute, unconditional amnesty to all political detainees and that it implement genuine reform.

A recent NUC development disclosed further that the insurgents' Southern Tagalog Regional Party Committee (STRPC), in which Mr. Rosal holds the position of secretary, has taken a hardline position over Government's amnesty program. The document reported the STRPC "views Government's amnesty proposal as a counterinsurgency ploy designed to identify top CPP-NPA personalities, particularly those who will be directly involved in negotiations."

The same document indicated the STRPC toed the line of Mr. Sison, who has advocated the armed struggle's primary over political struggle. "The STRPC also sees the offer as a sign of weakness on the part of Government," it said. "Hence, it has ordered the strengthening of its forces and armed capability in preparation for intensified offensive action against the AFP/PNP [Philippine National Police]."

The STRPC, however, reportedly "stressed that it will abide by the decision of the CPP Central Committee on that matter."

It will be recalled while hardliners have monopolized the top positions of the insurgents' 32-man Central Committee, the moderates currently outnumber the former and have reportedly been restive against top leadership's current hardline position towards the peace process.

Communist Rebels Reported To Step Up Attacks

HK0311134492 Quezon City ABC-DWET Television in English 1300 GMT 3 Nov 92

[From "ABC-DWET News Program"]

[Text] Defense Secretary Renato de Villa said communist guerrillas are stepping up their attacks in a show of force before formal peace talks take place with government negotiators. De Villa noted that the intensity of conflict tightens as the prospect of peace nears, as both sides wish to negotiate from a position of strength. He confirmed reports that NPA [New People's Army] leaders have ordered intensified ambuscades but did not reveal any reactionary plans by the military.

NUC Asks CPP To Reveal Prisoners' Location

HK0411063492 Quezon City MALAYA in English 4 Nov 92 pp 1, 2

[Text] The National Unification Commission [NUC] has asked the leadership of the Communist Party of the Philippines [CPP] to reveal the whereabouts of 30 soldiers and policemen believed captured in encounters with communist rebels to reciprocate the government's release of detained communist leaders.

Justice Secretary Franklin Drilon, a member of the NUC, said the government side furnished the CPP last week the names of the missing soldiers and policemen, but the rebels have not yet replied.

"We are appealing to the armed left to give the public information as to the whereabouts of about 30 soldiers and PNP personnel who, we were informed, were under their custody," Drilon said.

He said he was not aware if ranking police and military officers are among those being held by the rebels.

The government said it has released nearly 100 communist rebels and right-wing soldiers, including rebel leaders Satur Ocampo and Rafael Baylosis.

Ocampo and Baylosis, however, said their release were publicity gimmicks since they were scheduled to be set free by the courts.

Defense Secretary Renato de Villa, in a forum organized by business organizations, warned that the communist leadership has ordered its guerrillas to intensity attacks on government forces and installations.

"As the termination of the conflict approaches...there is an order by the communist New People's Army to intensify operations. There is an intensification of ambuscades between the contending forces on the ground. To our mind, these are all maneuvers to gain propaganda points," De Villa said.

De Villa said government is appealing to the leaders of the National Democratic Front [NDF] in the Netherlands to "tone down their public statements" to ease negotiations.

The government has offered peace talks to rebel forces, and preliminary talks have been held with NDF leaders in The Hague, Netherlands, and Muslim rebel leader Nur Misuari in Tripoli.

Budget Deficit Increases to P5.682 Billion

HK0311112792 Manila THE MANILA CHRONICLE in English 3 Nov 92 p 10

[Report by Gil C. Cabacungan]

[Text] The government chalked up a higher-than-expected budgetary deficit in the first nine months of the year mainly due to a shortfall in its programmed revenue inflows.

Based on documents culled from the Central Bank (CB), the government posted a budget shortfall of P5.682 billion [Philippine pesos] from January to September this year. This is nearly double [as published] the programmed P3.8 billion budget deficit for the period.

While government spending remained tight during the period, and was even lower than its target, the higher budget deficit was attributed to a significant drop in revenues in the first nine months.

The national government from January to September hauled in P180.181 billion in revenues, 3.7% below its revenue target of P187.137 billion.

Income from both tax and non-tax sources was off their programmed levels. Tax revenues for the first nine months reached P154.527 billion, 3.4% lower than government estimates.

Non-tax income fell 5.3% below forecast to P25.654 billion in the first three quarters.

On the expenditure side, the government spent P185.863 billion in the first three quarters, which is 2.65% off the programmed outflow of P190.937 billion during the same period.

The country's finance managers said that the government tightened its belt during the first three quarters of the year, which inadvertently cut down on capital outlay for infrastructure development, in line with the CB's thrust to rein in inflation by limiting money supply growth.

Finance Secretary Ramon R. del Rosario said the government will accelerate its spending in the fourth quarter, particularly on much-needed infrastructure projects, to compensate for its limited capital outlay in the first three quarters.

However, he said the additional spending this quarter will continue to be in step with the budgetary deficit target of 2.7% of gross national product (GNP) from its current figure of 2% of GNP.

The CB may have whittled down inflation to single digit levels, but businessmen are not happy considering that sales have gone down as a result of the belt-tightening measures.

Thailand

Reaction to Clinton Victory in U.S. Election

Chuan, Prasong See 'Little Impact'

BK0311135992 Bangkok Army Television Channel 5 in Thai 1230 GMT 3 Nov 92

[Text] Prime Minister Chuan Likphai believes that regardless of who wins the U.S. presidential election, there will be little impact on Thailand.

[Begin Chuan recording, in progress] ...giving greater emphasis to what issues. The only difference will be one president may give more attention to domestic problems while the other may concentrate on foreign affairs. But I think there will be very little impact on Thailand. [end recording]

Meanwhile, Foreign Minister Prasong Sunsiri says the impact on Thailand will be in U.S. trade policy, adding that other areas of relations will remain as usual, including U.S. assistance.

[Begin Prasong recording] The problem of U.S. trade protectionism has been ongoing since the past U.S. Administration. This problem remains outstanding. On other issues, I believe that whoever become the next president will concentrate on solving U.S. economic problems, because the trade deficit, foreign debt, and unemployment problems facing the United States are considerable. [end recording]

Prasong Congratulates Clinton

BK0411124492 Bangkok Voice of Free Asia in Thai 1030 GMT 4 Nov 92

[Text] At 1100 today, after Arkansas Governor Bill Clinton was elected as the 42d U.S. President, Foreign Minister Squadron Leader Prasong Sunsiri said that in his capacity as Thai foreign minister, the Thai Government extends its congratulations to Bill Clinton on his presidential election success.

Referring to Clinton's election campaign emphasis on giving highest priority to tackling the domestic economy, Prasong said such a policy will not only benefit the United States but also the world at large. This is due to the size of the U.S. economy. A strong U.S. domestic economy will bring to an end the world recession. He said he is confident that the new U.S. President will support the free trade system and will create regional stability within the framework of GATT and the Asian-Pacific Economic Conference, of which the United States is the chairman this year. As for Thailand, it welcomes the new U.S. Administration and is ready to promote bilateral relations in fields of mutual interest.

Referring to the United States under President Bush having restored various forms of assistance to Thailand, reporters asked whether the new U.S. Administration will continue with that assistance. Prasong said he believes there will be little change in U.S. assistance to and relations with Thailand. However, he noted that certain areas of foreign policy, such as human rights protection, environmental conservation, support for democratic administration, and the conduct of free trade could have an impact on this region.

Regarding the U.S. policy on ASEAN security, Prasong noted that Clinton had said in general terms that the United States would reduce its military presence in Europe and defense spending in order to revive the domestic economy, which is a high priority matter. Regarding bilateral cooperation with Thailand, Prasong said he did not think there would be any problem because like the United States, the Thai administration operates under the democratic system and, therefore, there should be no obstacles to working together to solve problems.

Summing up the impact on Thailand, the foreign minister said it is unlikely that there will be any change in Thai-U.S. relations. He is confident that political relations between the two countries will be strengthened because Thailand is a democratic country.

Regarding trade protectionism, Prasong said the United States seeks to establish markets everywhere in the world, not just in Thailand. Therefore, Thai businessmen should inform themselves so that they can improve the quality of their exports to the United States. The agencies involved in foreign trade, such as the Foreign and Commerce Ministries, will provide assistance in these areas to Thai businessmen.

Deputy Premier Views Impact on Trade

BK0311142192 Bangkok Voice of Free Asia in Thai 1030 GMT 3 Nov 92

[Text] Deputy Prime Minister Suphachai Phanitchaphak said Thailand must follow the results of the U.S. presidential election in order to see possible changes in the economy. He believes there will be a problem in trade negotiations between Thailand and the United States if Bill Clinton is elected. He said Bill Clinton is more of a protectionist in terms of national economy. Therefore, trade negotiations between Thailand and the United States will not be better than those in the past, especially when it concerns the enforcement of Section 301, which will cause Thailand to lose its market for exports. Twenty percent of Thailand's total export value is absorbed by the U.S. market. Thailand also enjoys a trade surplus with the United States. Therefore, Thailand should be prepared and look for new markets.

The deputy prime minister said an advantage of a Clinton victory is his pledge to revive the U.S. economy. He said this will benefit the world economy. He said Thailand will have to collect information about U.S. economic policy, which may include some changes, if Clinton is elected. Suphachai said it is a pity that the last round of the General Agreement on Tariffs and Trade, or GATT, was a failure and did not produce any standard for future trade negotiations. He said a central office to be set up by Thailand to oversee trade negotiations with foreign countries will compile facts related to the issue once there is a new government in the United States. Anyway, Thailand hopes that no matter who is elected the new U.S. president, George Bush or Bill Clinton, the new U.S. Government will promote market liberalization and joint investment by foreigners in North America, and will push for a GATT success. He wished the new U.S. Government would have an understanding of the international political economy, especially the free trade system.

Concerning the decision made by the previous U.S. Government on trade retaliation against Thailand, the deputy prime minister said Thailand would not take the U.S. decision too strongly but will seek discussions with its ASEAN partners and especially will explore for new markets for Thai exports. Thailand's major exports to the United States include textiles and vegetable oil. Thailand will explore for new markets in the Middle East and Latin American countries.

Clinton Effect on Asia Viewed

BK0411025392 Bangkok THE NATION in English 4 Nov 92 p A6

[Editorial: "A Clinton Presidency: What Does It Mean for Us?"]

[Text] Every latest poll in the United States predicted Arkansas Governor Bill Clinton ousting the incumbent President George Bush in a political upheaval that would end a conservative period for the Republicans and pass on the US leadership to the Democrats. Not since 1976 have the Democrats under Jimmy Carter occupied the White House.

How meaningful would the US presidential elections be for us? As far as we are concerned it is more important what Clinton would stand for where Asian interests are involved. So far, very little has been on public record on what his policies would be for our region.

Domestic woes

The human rights situation in China has been addressed to some extent but Southeast Asia has never been referred to in Clinton's speeches. This however comes as no surprise as there are no votes to be won from an Asean platform for instance, when American voters are preoccupied with domestic woes.

The core of Clinton's thinking is the contention that with the Cold War over, American foreign policy needs a whole new focus. For him that means revitalising the country's economy, which Federal Reserve chairman Alan Greenspan says is in an "extraordinarily difficult environment of a kind not seen before the Second World War." [sentence as published]

Without reviving the economy, Clinton argues, the next US president will have no chips with which to play abroad and will have no mandate from the American people for engagement overseas because the public will remain obsessed with domestic problems. "In this new era, our first foreign priority and our domestic priority are one and the same: reviving our economy," Clinton said in a recent speech in Los Angeles.

Clinton's declaration that to putting more emphasis on economic issues in foreign relations will mean more pressure on key trade problems affecting Asian NiCs, certain countries in Asean, as well as China and Japan.

The presidential hopeful has promised "stiff penalties" including more forceful implementation of Section 301 of the US trade laws against countries that fail to open their markets to American products. Section 301 authorizes Washington to impose retaliatory sanctions against nations deemed to be engaging in unfair trade practices.

On the home front, let's not forget that Thailand enjoyed a trade surplus last year of US$2 billion against the US, which is still the country's largest export market this year. As a trade surplus nation, Thailand joins Japan, South Korea, Taiwan and China on the list of countries that need to open their markets to American goods or face retaliation. In view of Thailand's burgeoning trade surplus with the US, Washington has demanded that Bangkok protect American intellectual property rights, pharmaceutical patents and market assess for such American exports as cigarettes and computer software.

In early October, the Bush administration deferred a crucial decision on whether to take action against Thailand by slashing its Generalized System of Preferences (GSP) benefits, citing the prevailing political climate in Bangkok which was non-conducive for effective negotiations on the issue. Such sympathy for Thailand however may not be forthcoming from a Democratic president.

World War II was a determining factor in the formation of Bush's attitudes towards foreign policy. Clinton's experiences through the Vietnam War while a student in Oxford and protesting the US involvement in it will be the parallel determining factor. The presidential hopeful's involvement in the anti-war movement in the 1960s will augur well in America's future relations with Vietnam.

Sensing that Clinton will be the next White House occupant, Hanoi recently released 4,000 photographs and documents of Americans missing-in-action (MiAs) from Vietnam's wartime archives through Bush's special emissary, retired General John Vessey. This release of vital information on the MiAs is a prerequisite for US normalization of ties with Vietnam in accordance with the "road map" drawn up under the Bush administration.

Last chapter on Vietnam

Clearly the last chapter on the Vietnam War has been closed and Clinton (if he wins) should take advantage of this overture by the Vietnamese and allow American firms to have a fair shot at the Indochinese market.

Normalizing ties with Hanoi will also pave the way for diplomatic relations which in turn would help the Cambodian settlement and bring peace to Southeast Asia at last.

A word of caution however is needed in Clinton's relationship with Indochina, bearing in mind that his foreign policy is being determined by Carterites, Reagan Democrats and Clintonists. The Indochinese conundrum was nearly settled during the Carter administration but policy differences between the then national security adviser Zbigniew Brzezinski and then secretary of state Cyrus Vance scuttled any plans for peace in the region. The conventional wisdom of the old Democratic party establishment with regard to foreign policy must not be allowed to prevail.

Clearly, the Cold War is over and Clinton must ensure that America's role in the world will be more imaginative and constructive.

EC, U.S. Urged To Intervene To Rescue GATT

BK0411022492 Bangkok BANGKOK POST in English 4 Nov 92 p 19

[Text] Thailand and 28 other countries have called on the world's major economies to avert global trade war by rescuing the stalled Uruguay Round of the General Agreement on Tariffs and Trade (GATT) talks.

A statement issued on Monday by the 29 countries was sent by Australian Prime Minister Paul Keating to leaders of the Group of Seven (G7) leading industrial nations, EC Commission President Jacques Delors and GATT Director-General Arthur Dunkel urging them to intervene immediately.

Aphiradi Tanthrapon, head of the Business Economics Department's Policy Division, said yesterday the purpose of the statement is to remind the world's economic powers that they had agreed to reach an agreement in the Uruguay Round by the end of the year.

The statement was organised by Uruguay Round negotiators in Geneva where GATT is headquartered and received approval from the signing governments in the 29 capitals. The signatories are mainly smaller to medium-sized economies and include many leading agricultural exporters seeking lower trade barriers and subsidies in farm trade.

The move came as US Agriculture Secretary Edward Madigan and EC Farm Commissioner Ray MacSharry continued their meetings in Chicago in a last-gasp attempt to break their deadlock on farm trade liberalisation before the US presidential election.

Failure to reach agreement before the election would probably kill any prospects for saving the round before the end-of-the-year deadline imposed by G7—Britain, Canada, France, Germany, Italy, Japan and the United States.

If Bill Clinton wins the election, the Bush administration would become a caretaker government unable to make any commitments until its term expires in January.

AFP reports from Sydney that Australia believes settlement could be delayed for up to a year if the impasse cannot be broken by the time the new administration takes office, no matter who wins.

This is because the US legislative provisions for "fast-tracking" approval through Congress of a Uruguay Round settlement would lapse and the new administration would have to fight a new case through Congress.

International economists and trade experts believe a global pact to free up world trade could boost trade by $200 billion a year and even help ease global recession.

"The world trading system cannot risk a failure of the Uruguay Round with all that would entail," the statement says.

It warns of serious implications for growth in many countries and for the future of the open world trading system.

"The round cannot be allowed to fail through lack of political will on the part of G7 countries."

Australia, which heads the 14-nation Cairns Group of agricultural-exporting countries, was asked to make another effort by some of its Cairns Group partners and others that fear devastation in a trade war.

The Cairns Group comprises Argentina, Australia, Brazil, Chile, Colombia, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and Uruguay. The 15 other signatories are: Austria, Bolivia, Costa Rica, Czechoslovakia, Finland, Hong Kong, Iceland, Mexico, Norway, Pakistan, Peru, Poland, South Korea, Sweden, Tanzania, and Venezuela.

Others are expected to sign within a few days.

Canberra sources say it is feared a change of administration in the United States might lead to a complete sidetracking of global interests and all the gains made so far in the GATT negotiations could be lost.

However, officials are encouraged by the fact that although the talks between Mr Madigan and Mr MacSharry have produced little so far, they have been extended unexpectedly into a second day.

So the communique is aimed at least partly at them.

Cabinet Approves Bill on Riot Handling 3 Nov

BK0311133792 Bangkok Army Television Channel 5 in Thai 1230 GMT 3 Nov 92

[Text] According to Sudarat Keyurapha, the deputy government spokesperson, the Cabinet this afternoon resolved to revoke the second clause of Article 41 of the 1990 draft bill on administration of the Defense Ministry, and the Internal Security Command Act as proposed by the Defense Ministry in order to suit the current situation. The use of soldiers to suppress riots must receive approval of the Cabinet.

[Begin recording] [Sudarat] The act has been in use for quite some time and does not suit the current situation. Moreover, the task of maintaining internal security has already been assigned to other officials as specified by law. Therefore, the Cabinet deemed that the act be revoked. The Cabinet today approved in principle two bills proposed by the Defense Ministry. The bills will be forwarded to the juridical council for inspection and consideration. [end recording]

$40 Billion Export Target for 1993

BK0411011592 Bangkok BANGKOK POST in English 4 Nov 92 p 28

[Text] Thailand's 1993 export target is expected to reach one trillion baht [approximately 40 billion U.S. dollars], up 17.4 percent from this year, an informed source at the Business Economics Department said.

Next year's growth rate is close to that for 1992 when the export target was 852,000 million baht.

The source said 120 industrial products worth about 608,700 million baht are targeted for export, up 12.76 percent, with the major items including textiles and garments worth 156,500 million baht, and gems and jewelry worth 45,600 million baht.

He added that 34 agricultural products worth around 155,231 million baht are targeted for export, up 0.05 percent, with the major items being rice worth 30,000 million baht, tapioca products worth 23,640 million baht and natural rubber worth 27,000 million baht.

Exports of minerals and fuels are targeted at 7,410 million baht, including condensate, tin, and gypsum.

All other products are targeted to earn 229,659 million baht, up 52.7 percent. The sharp increase is due to the entry of many new items such as television tubes, electronic calculators, telephones, facsimile parts and accessories, and containers.

Military Banned From Burmese Border Trade

BK0411015592 Bangkok THE NATION in English 4 Nov 92 pp A1-A2

[Text] The Supreme Command has ordered a total ban on military involvement in border trade activities with Burma and prohibited the providing of assistance to anti-Rangoon ethnic minorities.

Commander Woranat Aphichari said he had passed the order, which affects both legal and illegal trading to Armed Forces' deputy chief of staff Gen Charun Punsanong who is also a member of the Thai-Burmese border committee.

The order is in line with directives set by new Foreign Minister Prasong Sunsiri, who recently said Thai foreign policy towards its neighbours must be free from group interests and must be put under the jurisdiction of the Foreign Ministry as the key policy maker.

It was the army's first public acknowledgment of charges that officers had engaged in trade along Thai-Burmese border and that it had provided economic and military materials to the anti-Rangoon fighters living along the border.

The army has categorically denied allegations that the assistance served to prolong the conflict between the military junta and the ethnic minority groups.

Charun later confirmed that the border committee had been informed of the order. The national border committee held a meeting last Sunday to review the previous government's policy towards Burma.

Charun reiterated that Thailand has long ceased to pursue its two-track policy with Burma and said the "traitors" who were found to be violating such policy would be either jailed or dismissed from their positions.

Thailand has long supported the ethnic groups which act as buffer along the Thai-Burmese border, but the policy was halted by the Chatchai administration when the current Interior Minister Gen Chawalit Yongchaiyut was army chief.

However, both legal and illegal log and gem trading and other border activities that involved those close to the army have continued.

Charun said the committee reviewed the previous government's policy toward Burma and concluded that its approach was still workable, but more emphasis should be put on strengthening the controlling mechanism along the border.

Charun said part of the steps to be taken to tighten control of border areas would involve local officers and army officers in charge of the areas being briefed on the government's policy towards Burma.

The recent abduction of Mae Hong Son villagers and local officers by Burmese troops who mistook them for Karenni spies had created a big outcry, prompting the government to take measures to prevent a repetition. He admitted that local officers regularly crossing the Thai-Burmese border may be a source of suspicion for Rangoon that Thai authorities were supporting the ethnic guerillas.

In the two administrations of Premier Anan Panyarachun, Thailand has pursued a policy of constructive engagement with Burma which emphasized humanitarian assistance and economic cooperation.

Meanwhile, in fresh fighting between Burmese government troops and Karen and Karenni fighters opposite Mae Hong Son province, about 100 Burmese troops were reported killed. About 20 Karenni rebels were killed and 120 injured. The injured are being treated in Mae Hong Son.

The fighting caused an exodus of about 2,000 Karenni and Burmese refugees into Thailand's Ban Naisoi, and there have been reports of trouble between them and Thai villagers.

However there were no reports of damage to Thai property when stray shells from the fighting fell onto unpopulated areas.

Fighting erupted on Nov 2 when about 2,000 Burmese troops, backed by air combat forces, attacked the Karen's camp opposite Ban Soidao. They captured the position under a barrage of grenades and automatic rifle fire. The Burmese have begun to upgrade the camp to help with their offensive against Karenni areas.

Chawalit Backs Chuan on Local Elections

BK0411022792 Bangkok THE NATION in English 4 Nov 92 p A2

[Text] Interior Minister Gen Chawalit Yongchaiyut yesterday backed Prime Minister Chuan Likphai in insisting that local administration elections should start at the sanitary zone level.

Chawalit said that decentralizing power from Bangkok has to be done gradually from the grassroots up to the provincial level.

He also said the ad hoc committee formed by the ministry to look into the question would hold its first meeting in the next few days and probably wind up its review in three weeks.

Chawalit was responding to criticism that the formation of the committee was only a stalling tactic with the aim of shelving the issue.

He said the prime minister had made it clear that the first step in decentralizing power was to turn sanitary zone bodies, which number about 900, into elected local governments.

The next step is to grant certain tambon councils the status of legal entities but in the initial stage, their powers would be restricted mainly to development, Chawalit added.

Deputy House Speaker Thawin Praisont, a Phalang Tham Bangkok MP, had recently criticized the limited powers planned for tambon councils, arguing they would remain tools of the central government if the Bangkok-appointed authorities, including district officers, continue to sit on the councils.

Chawalit said that making sanitary zones into full-fledged forums of local administration and upgrading the status of selected tambon councils would be the most the government could do for now.

"Further changes would affect the overall provincial system [which represents Bangkok]," the minister said.

He said that in principle he agreed with the election of provincial governors, which the Phalang Tham Party is campaigning for, but added the means to the goal was not that easy.

"Before the governors can be elected, we have to overhaul the system of provincial administration. We have to consider what to do with khamnan [tambon headmen] and village chiefs who are on the payroll of the government and are considered to be under provincial governors," he said.

In each province, he said, there were thousands of village headmen.

"The election of governors is related to many other things and we have got to find the best means to pave the way for it. We cannot afford to rush the matter. Nor do we intend to keep power at the Interior Ministry," said Chawalit, who is leader of the New Aspiration Party.

NAP Secretary General Phisan Munlasatsathon, the science, technology and energy minister, meanwhile, urged coalition partners to focus more on vital issues facing the people than the election of governors.

"I would like to ask all concerned: Why don't we in the government help the people at large first?

"Right now the harvest season is coming to a close and what the government should tackle now is ways to boost paddy prices. There are still many other important issues, such as the sagging price of rubber and coffee," he said.

Phisan said that if the people's standard of living was enhanced, then decentralization of power from Bangkok could follow.

The minister, who was permanent secretary of the interior for about a decade, denied that the ministry's bureaucrats resisted the move towards elected governors because they wanted to retain their powers.

"There are many factors to consider in allowing for the election of governors. It's not only one law that has to be amended to achieve the purpose. Hundreds of them have to be amended," he said.

He said amending the legislation would take time.

"I am not sure whether we can amend them all in two years," he added.

Vietnam

Hanoi Comments on Clinton Win, U.S. Embargo

BK0411124392 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 4 Nov 92

[Text] According to foreign sources, Democratic presidential candidate Bill Clinton has won the race to the White House and President Bush has admitted defeat in a speech. Mr. Clinton is the governor of the southern state of Arkansas. He was born in 1946. He graduated from a law college and entered politics to work for justice.

Addressing the people in his hometown together with Vice President Albert Gore, Mr. Bill Clinton said: The American voters have cast their ballots for the beginning of a new era. Their choice demands that our country face up to the new challenges in the post-cold war period and at the start of a new century.

Mr. Clinton's win in the election is an indication of the feelings of the majority of the American people. They are fed up with the Bush Administration of the past four years, especially with the unemployment rate that hit a record 9 percent, the budget deficit that topped almost $300 billion, and the national debt that touched $4,000 billion, $760 billion of which is foreign debt.

During his campaigns, Mr. Clinton stressed that his priority would not only be to reduce the budget deficit that has reached hundreds of billions of U.S. dollars, but would also be to encourage more investment from the private and state sectors to accelerate development and create more jobs. Mr. Bill Clinton has also pledged that he will reform the U.S. public health service in the first 100 days of his presidency.

However, these are only Mr. Bill Clinton's pledges. Only time will tell whether he will be able to keep them and overcome the economic difficulties which the U.S. public has termed as quite acute.

Regarding foreign affairs, one may ask whether Mr. Bill Clinton will be able to solve problems left behind by the former administration, especially on ties between the United States and the CIS, the Middle East issue, the Cambodian problem, and U.S. relations with Japan, Western Europe, and other countries.

The U.S. and the world is especially waiting for Mr. Clinton's reaction to the U.S. trade embargoes against Vietnam and Cuba. Even the public in the U.S. and its allied countries have demanded that this policy be lifted. This is because it is obsolete and has obstructed not only the development of Vietnam and Cuba but also affected U.S. interests.

Leaders Attend Opening of Buddhist Congress

BK0311144092 Hanoi VNA in English 1340 GMT 3 Nov 92

[Text] Hanoi VNA Nov. 3—The Third National Congress of the Vietnam Buddhist Church [VBC] opened here this morning. Attending the opening ceremony were 203 delegates representing the Buddhist clergy in 40 provinces and cities and overseas Buddhist communities and more than 40 observers.

The inaugural ceremony was honoured by the presence of Mr. Vu Oanh, Politburo member of the Communist Party of Vietnam Central Committee Mr. Nguyen Khanh, deputy prime minister Mr. Pham Van Kiet, vice-president and general secretary of the Fatherland Front Central Committee and members of the diplomatic corps and nearly 1,000 Buddhist faithfuls.

Before the opening, the participants attended a session of prayers at the Quan Su Pagoda, headquarters of the Vietnam Buddhist Church.

In his opening speech, the most venerable Thich Tri Tinh, president of the VBC executive council, brought out the achievements recorded by the VBC over the past more than ten years. He said: "The creation and activities of the Vietnam Buddhist Church is a historical necessity which conforms to the aspiration of the Vietnamese Buddhist community which accounts for three fourths of the population.

The Buddhist church, the unified organization of all Buddhist sects in Vietnam, is entrusted with the noble mission of promoting the tradition of solidarity, concord, equality and humanism working for peace, welfare and happiness of the broad masses of the population.

The congress will review the activities of the VBC since the second national Buddhist congress in 1987, discuss the programme of actions in the coming period, amend the statute of the Buddhist church and elect a new leadership."

The congress received a bouquet of flowers and heard a letter from Do Muoi, general secretary of the Communist Party of Vietnam.

Acting on behalf of President of the Republic Le Duc Anh, Deputy Prime Minister Nguyen Khanh conferred on the Buddhist church the Ho Chi Minh Order in acknowdgement of its contributions to the unity of the Buddhist community and to national construction and defence.

The most venerable Thich Minh Chau, vice president and general secretary of the executive council, read a report on the activities of the Vietnam Buddhist Church in the past five years. According to the report, in the said period the Buddhist church opened 17 schools and trained 3,000 monks and nuns, raising the total number to 16,000 at present. Many pagodas were built or repaired. More than 100 books on Buddhism were published. Noteworthy is the founding of a council for the translation and publication in Vietnamese of the Vietnam Buddhist canonical books comprising eight volumes. Publicity work about Buddhism and the activities of the Vietnam Buddhist Church have also expanded continually. Most notable among the church's social and charity activities is the opening of 'compassion classes' and the setting up of centres to care for disabled children and lonely old people. The Buddhist church has also increased its charitable activities in health care. The Buddhist clergy and facthful have discharged well their obligations in national construction and defence.

The congress will last till Nov. 4.

During the holding of the congress an exhibition on the activities of the Vietnam Buddhist Church is being held at the Vietnamese-Soviet Friendship Palace here.

Do Muoi Sends Message

BK0311144792 Hanoi VNA in English 1349 GMT 3 Nov 92

[Text] Hanoi VNA Nov. 3—Secretary General of the Communist Party of Vietnam Do Muoi sent the following message of greetings to the 3rd National Congress of the Vietnam Buddhist Church which opened here this morning.

"Ten years ago also in our capital city, Hanoi, nine Buddhist organisations and sects in the north and the south of the country met to found a united Vietnam Buddhist Church. This was a great success of the common aspiration of the Buddhist clergy and faithful in the whole country. During the past years, the Vietnam Buddhist Church upholding the principle 'religion-nation-socialism', has manifested its will for concord, solidarity and unity to contribute to the renovation process and national construction and defence, and has gained many achievements which are highly appreciated by the party, the state and the people.

As demonstrated by our country's millenary history, Vietnamese Buddhism has always been an integrated part of the nation, in peace as well in war when the country was subjected to foreign aggression. Buddhists have always stood shoulder to shoulder with the whole nation in the building and defence of the motherland. Right after the reunification of the country, the Vietnamese Buddhist Church has quickly made one with the common trend of the new period, encouraged the Buddhist clergy and faithful throughout the country to enthusiastically take part in productive labour and economisation, uphold the nation's ethical norms and good customs, engage in charitable activities and discharge their citizen obligations toward the homeland.

It is my fervent hope that through this congress, the venerable dignitaries and other delegates will strongly promote the 'prosperity of both religion and life' movement among the Buddhist communities so as together with the entire people to take the country forward and realize the most burning desire of the nation, that is to firmly safeguard the country's independence, overcome poverty and backwaedness, build a prosperous and strong Vietnam where everybody is free from want and care and enjoys freedom and happiness as has been willed by our beloved President Ho Chi Minh.

May your congress be a complete success".

Eight Nationals Reported Kidnapped in Cambodia

BK3110083192 Hanoi VNA in English 0619 GMT 31 Oct 92

[Text] Hanoi VNA Oct. 31—VIETNAM NEWS AGENCY (VNA) correspondent reports quoting an announcement on October 29 of the spokesman of the United Nations Transitional Authority (UNTAC).

Eight Vietnamese nationals were kidnapped in Sankram Village, in the northern part of Kompong Thom Province on Oct. 4.

The spokesman said that the human rights section of the UNTAC is investigating the case, and that UNTAC officers in the region had met Men Ron, commander of the Khmer Rouge in Kompong Thom to ask his cooperation in the search for the kidnapped.

This is a new act of violence against to Vietnamese nationals in Cambodia following many killings of Vietnamese, the latest reported cause is the massacre of 12 fishermen in Chamcar Loeu, Koh Kong Province, on September 30.

Australia

Prime Minister Views Clinton Win, Trade Talks

BK0411083192 Melbourne Radio Australia in English 0600 GMT 4 Nov 92

[From the "International Report" program]

[Text] Australia says it hopes the Clinton victory will renew the American negotiating commitment to an international trade agreement. In its first response to the Democrats' presidential win, Australia said it was encouraged by the moderate and internationalist approach taken by Mr. Clinton. Graeme Dobell reports from Canberra that the prime minister, Paul Keating, was speaking to Parliament:

[Begin recording] [Dobell] Mr. Keating said Mr. Clinton had won a great victory. The prime minister said everyone could identify with Mr. Clinton's statement that America's first foreign policy priority and its first domestic priority were the same—a revival of the American economy.

[Keating] Mr. Speaker, this election has taken place at a time of quite profound change in the international system. The most important thing for Australia and America's other foreign partners is that the United States be confident of its strengths and values and sure of its place in the world. American has won the cold war. It is now the world's economic and political leader, and its confidence about itself, knowing about itself, and asserting itself is important to everybody. [end recording]

Mr. Keating restated Australia's commitment to its long-standing friendship with the U.S. He said he was confident that Canberra could quickly establish effective links with the new administration. The prime minister immediately laid stress on getting a successful conclusion to the international trade talks, the Uruguay Round. After six years of negotiations, the round faces either total failure or some final push for a compromise deal between Europe and and America on farm trade.

Mr. Keating said Australia was encouraged by the moderate foreign policy stance Mr. Clinton had adopted:

[Begin Keating recording] He has also affirmed strong support for the multilateral trading system. As I said in the House yesterday, Australia attaches high priority to an early and successful conclusion of the Uruguay Round, though that is not proceeding well, as we know, with further difficulties apparently being experienced today, but we hope that the authority of the president in the election result which has just been secured will give the American negotiating position strength at the negotiating table with the selfish policies of the Europeans. [end recording]

Australia's prime minister paid tribute to George Bush's management of a careful, well-judged foreign policy during the end of the cold war and for helping the United Nations find a greater role in the new era:

[Begin Keating recording] These are not inconsiderable achievements. The rationalization of Eastern Europe post the fall of the Iron Curtain, the breakup of the Warsaw Pact countries, and then in the first international problem area following that bipolar change we saw in Iraq and Kuwait again his speedy response.

I think the most important thing, Mr. Speaker, is that at this time of change in the U.S. political leadership a point of continuity will be the close ties of partnership and cooperation between Australia and the United States. We have been a partner of the U.S. now in a number of global conflicts right throughout this century, most recently of course in Kuwait in defense of Kuwait, and we on this side of the House, and I am sure I speak for everybody, value the relationship with the United States. This is a friendship of depth and quality and we hope and know that this will continue during the presidency of Governor Clinton. [end recording]

New Zealand

PM, Fiji Leaders React to U.S. Election

LD0411093092 Wellington Radio New Zealand International in English 0800 GMT 4 Nov 92

[Text] New Zealand's Prime Minister Jim Bolger says it's vital that American President-elect Bill Clinton does not turn away from the global responsibilities of the United States. Mr. Bolger hopes President Bush's commitment to the freeing up of world trade will be picked up by the Clinton administration, which he says takes on the mantle of responsibility of leading not only the U.S. but also the wider world community.

He says the highest priority from New Zealand's point of view is the need to bring the GATT round of world trade talks to a successful conclusion whatever the current setbacks. Mr. Bolger has expressed a desire for the incoming [word indistinct] government to steer well clear of protectionist trade policies, (?but) says it's certain that the close bilateral relationship between New Zealand and the U.S. will continue.

Mr. Bolger sent a message of congratulations to Mr. Clinton, saying his hard and long campaign clearly captured the White House.

And in a further reaction in the Pacific, Fiji's acting President Ratu Sir Kamisese Mara has sent a message to President-elect Bill Clinton. Ratu Sir Kamisese, who (?has) very good relations with President Bush, paid tribute to the outgoing President's world leadership.

Meanwhile, the head of Fiji's opposition National Federation Party, Dr. Balwant Singh Rakka, who is currently in the United States, plans to brief officials of the Democratic Party on the latest political developments in Fiji.

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